

1942

ONE HUNDRED AND SIXTEENTH ANNUAL REPORT

OF THE

PRESIDENT AND DIRECTORS

TO THE

STOCKHOLDERS

OF

THE BALTIMORE AND OHIO RAILROAD COMPANY

FOR THE

YEAR ENDED DECEMBER 31, 1942.

OFFICE OF THE SECRETARY
BALTIMORE, MD.

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THE BALTIMORE AND OHIO RAILROAD COMPANY

YEAR ENDED DECEMBER 31, 1941

PRINTED IN THE CITY OF BALTIMORE, MD.

THE PRESIDENT AND DIRECTORS
OF
THE BALTIMORE AND OHIO RAILROAD COMPANY

ROY B. WHITE, President

DIRECTORS

HOWARD BRUCE
J. HAMILTON CHESTON
JOHN J. CORNWELL
RICHARD R. DEUPREE
ROBERT GARRETT
STEWART McDONALD

JOHN R. MORRON
CRISPIN OGLEBAY
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JOHN C. TRAPHAGEN
JOSEPH E. WIDENER
HOWARD I. YOUNG

EXECUTIVE COMMITTEE

STEWART McDONALD, Chairman

HOWARD BRUCE
J. HAMILTON CHESTON

JOHN C. TRAPHAGEN
ROY B. WHITE

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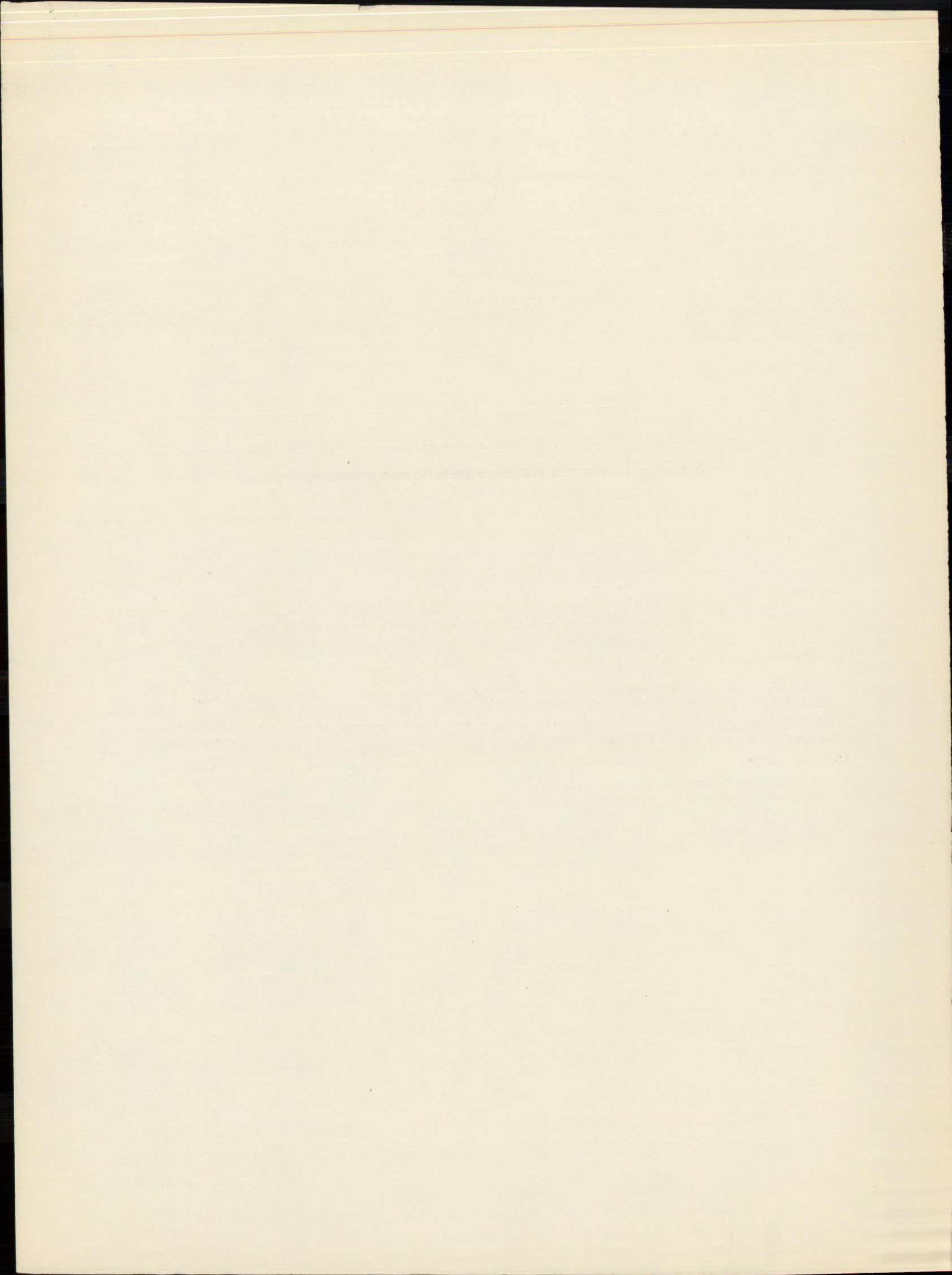
THE BALTIMORE AND OHIO RAILROAD COMPANY

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OFFICERS OF THE BALTIMORE AND OHIO RAILROAD COMPANY

PRESIDENT.....	ROY B. WHITE
VICE-PRESIDENT, OPERATION AND MAINTENANCE.....	C. W. VAN HORN
VICE-PRESIDENT, FREIGHT TRAFFIC.....	GOLDER SHUMATE
VICE-PRESIDENT AND COMPTROLLER.....	J. J. EKin
VICE-PRESIDENT, FINANCE.....	R. L. SNODGRASS
VICE-PRESIDENT.....	JAMES S. MURRAY
VICE-PRESIDENT.....	H. B. VOORHEES
SECRETARY.....	GEO. F. MAY
TREASURER.....	J. J. JENKINS
GENERAL COUNSEL.....	JOHN J. CORNWELL
GENERAL SOLICITOR.....	C. M. CLAY
GENERAL SOLICITOR, WESTERN LINES.....	MORISON R. WAITE

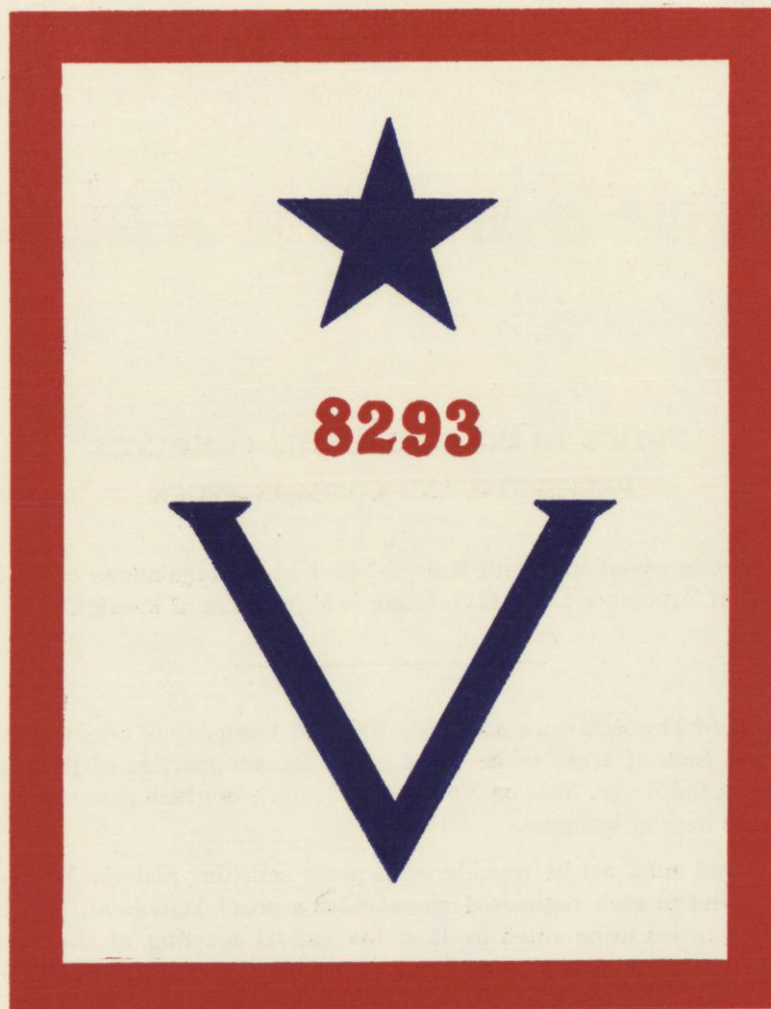


**NOTICE TO HOLDERS OF THE COMPANY'S
PREFERRED AND COMMON STOCK**

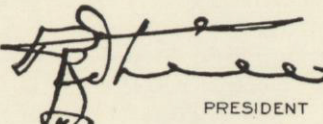
This notice is given in compliance with Rule X-14A-1(b) of Regulations of Securities and Exchange Commission (Revised as of December 15, 1942) relating to Solicitation of Proxies.

This annual report of The Baltimore and Ohio Railroad Company is sent to shareholders in advance of a proxy statement and form of proxy to be voted at the annual meeting of the shareholders to be held at the Company's offices in Baltimore, Md., on November 15, 1943, at which meeting the election of Directors of the Company will be an item of business.

This report is not and must not be considered as proxy soliciting material but on or about October 1, 1943, the Company will send to each registered shareholder a proxy statement, and at the same time the management will solicit proxies to be voted by it at the annual meeting of the shareholders to be held November 15, 1943, and any adjournment thereof.



In honor of Employees who
are now serving Our Country
in the Armed Forces


PRESIDENT

ANNUAL REPORT

OF
THE BALTIMORE AND OHIO RAILROAD COMPANY
CALENDAR YEAR 1942

BALTIMORE, Md., April 21, 1943.

To the Shareholders of the Company:

The President and the Board of Directors of the Company submit herein a report of the results of its operations for the year 1942 and of the state of its affairs at the close thereof.

THE WAR:

The Company has contributed materially to the Nation's efforts in the prosecution of the war and takes justifiable pride in stating that it has satisfactorily fulfilled every one of the many and varied tasks assigned to it in support of such efforts. This has been accomplished by unrelenting hard and intelligent service and cooperation of the officers and employees.

There are now 8,293 employees in the armed forces of the Nation and more will follow. The loss of these trained and experienced employees has been and will be felt with greater intensity as the number increases, but with the recruiting and training of new employees, both men and women, and the return to service of retired former employees, we believe the Company will be able to perform any services that may be required of it.

During the summer of 1941 the Company was approached by the United States War Department, Chief of Engineers, in respect of the formation of a Military Railway Unit, with which would be affiliated an Officers' Pool comprised of officers and employees of various railroads. In the winter of 1941-1942, at the request of the War Department, the 708th Headquarters, Railway Grand Division, was formed and officered principally by Baltimore and Ohio employees, and this unit, which was trained at Fort Slocum, is now in active service.

RESULTS OF OPERATIONS:

The results of the operations of the Company are reflected in the audited income account shown in Table 1, page 22, of this report, of which the following is a condensed summary:

	YEAR 1942	YEAR 1941	INCREASE 1942 OVER 1941
Railway operating revenues.....	\$306,254,193.49	\$227,503,021.56	\$78,751,171.93
Railway operating expenses.....	204,241,198.76	160,918,417.51	43,322,781.25
Net railway operating revenue.....	\$102,012,994.73	\$ 66,584,604.05	\$35,428,390.68
Railway tax accruals (including Federal income)	25,054,012.87	15,780,105.71	9,273,907.16
Railway operating income.....	\$ 76,958,981.86	\$ 50,804,498.34	\$26,154,483.52
Equipment and joint facility rents—			
Net debit.....	7,400,263.88	4,507,373.81	2,892,890.07
Net railway operating income.....	\$ 69,558,717.98	\$ 46,297,124.53	\$23,261,593.45
Other income.....	8,670,683.14	8,306,748.01	363,935.13
Total income.....	\$ 78,229,401.12	\$ 54,603,872.54	\$23,625,528.58
Miscellaneous deductions from income..	1,685,984.95	2,004,180.92	318,195.97
Income available for fixed and other charges.....	\$ 76,543,416.17	\$ 52,599,691.62	\$23,943,724.55
Fixed interest and other charges.....	19,863,257.08	20,141,033.67	277,776.59
Income available for other purposes.	\$ 56,680,159.09	\$ 32,458,657.95	\$24,221,501.14
Other interest charges contingent only as to time of payment.....	11,356,562.50	11,366,775.00	10,212.50
Audited net income.....	\$ 45,323,596.59	\$ 21,091,882.95	\$24,231,713.64

This summary does not give effect to an appropriation for capital fund which is deductible from "Income available for other purposes" and before contingent interest charges; to the appropriation from net income for sinking fund; nor to certain adjustments to conform to the provisions of the Modification Plan of August 15, 1938, all of which are dealt with under the next succeeding caption.

APPLICATION OF AVAILABLE INCOME UNDER MODIFICATION PLAN:

The foregoing summary and the more expanded income account, Table 1, page 22, shows audited income available for fixed charges to be \$76,543,416.17, which is decreased to \$76,464,461.50 by the subtraction of \$78,954.67 for adjustments required by the Plan to give effect to cash transactions in 1942 pertaining to the income of prior years, against which adjusted amount is charged \$19,863,257.08 for fixed interest and rentals, leaving \$56,601,204.42 adjusted income available for other purposes. From this adjusted available income the Board of Directors, in the exercise of its delegated discretion, appropriated 2½% of total railway operating revenues of the year, or \$7,528,803.71, for capital fund to be applied to or to reimburse the Company's treasury for capital expenditures, and further appropriated \$11,356,562.50 for the payment of contingent interest accruing for the year 1942. All of such interest, contingent as to time of payment only, accruing since the adoption of the Modification Plan to December 31, 1942, has been earned and paid or payment provided for. From the then remaining available income of \$37,715,838.21 the Board of Directors, as required by the Plan, appropriated 75%, or \$28,286,878.66 for sinking fund, leaving \$9,428,959.55 for increase in the Company's working capital and for other corporate purposes.

Payment of the contingent interest accrued during 1942 will be made upon the presentation and surrender of the contingent interest coupons of May 1, 1943, appurtenant to bonds carrying such coupons.

PROPERTY OPERATED BY THE COMPANY:**MILEAGE:**

The mileage of the Company and its owned and operated subsidiaries, including trackage rights, is shown in Table 12, page 35, from which it will be noted that first main track aggregated 6,150.90 miles of road on December 31, 1942.

During the year the Valley R. R. Co. (of Virginia) abandoned and sold its entire line of railroad which had been operated by The Baltimore and Ohio R. R. Co. for a number of years at a substantial annual loss; and the entire line of railroad of the Confluence & Oakland R. R. Co., a wholly owned subsidiary, was acquired by the Government in furtherance of a flood control project. The abandonment of these lines was with the approval of the Interstate Commerce Commission. Also, in July, 1942, 53.66 miles of line of the Buffalo & Susquehanna Railroad Corporation, an operated subsidiary, were destroyed in part by flood and have since been out of service, and application for authority to permanently abandon this part of the line is now pending before the Interstate Commerce Commission. These and other mileage adjustments account for a net decrease of 122.71 miles of road operated when compared with the same period of last year.

INVESTMENT IN OPERATED ROAD AND EQUIPMENT:

From the general balance sheet appended hereto as Table 3, pages 24 and 25, it may be seen that the total recorded investment of the Company in property used in transportation service at the end of the year is \$1,005,867,783.46, against which depreciation has accrued in the amount of \$118,647,600.50, leaving the net recorded value \$887,220,182.96.

ADDITIONS AND BETTERMENTS TO ROAD:

The Coleman Branch, a line 8.41 miles in length, authorized in 1941 to serve new mining operations in the Somerset coal region of Pennsylvania, was completed and placed in operation as was also the work of relocating about five miles of line of the Sandusky Branch to accommodate the expansion of a defense plant.

Twenty-two bridges on the line between Indianapolis, Ind., and Springfield, Ill., were strengthened to permit the use of heavier power. At other points bridge structures were renewed or improved, two bridge openings filled and approximately 184 feet of timber trestle eliminated, to better facilitate the movement of traffic.

During the year substantial additions were made to existing yard facilities at Baltimore, Md. (Locust Point) and Cincinnati, Ohio, and freight houses and team tracks were expanded or improved at New York, N. Y., Baltimore, Md., Washington, D. C. and Fairport, Ohio.

New Diesel engine fueling facilities were installed at Cumberland, Md., and at Clarksburg, new coaling facilities at Buckhannon and Brooklyn Junction, W. Va., and work was begun on new engine terminal and yard facilities at Cowen, W. Va., to serve the increasing coal traffic in that territory.

Automatic signals were provided for an additional twelve miles of road and existing signals were respaced for 110 miles to provide better braking distances and to conform to regulations of the Interstate Commerce Commission. Also one new interlocking was constructed and ten others modernized during the year, and six grade crossings eliminated in cooperation with Federal and State authorities.

The Company has continued to cooperate with Federal authorities in the National war effort and facilities have been provided to serve military establishments at a number of points. Also at the request of the military authorities supervision has been provided for the carrying out of several important projects, including ground storage facilities at several locations and the rehabilitation of a branch line to serve as an emergency railroad route.

ADDITIONS AND BETTERMENTS TO EQUIPMENT:

Through the medium of a conditional sale agreement three multiple-unit Diesel-electric freight locomotives were acquired and placed in service during 1942 at a total cost of \$1,509,210.00, and there were also acquired and placed in service 687 new steel freight-train cars the order for which was placed last year. To accommodate increased traffic 50 caboose cars were constructed at Company shops. Four locomotives, two passenger-train cars, 81 freight-train cars, and some work equipment, were rebuilt and modernized also at Company shops. The aggregate cost of all this equipment, including additions and betterments to other equipment, is \$5,501,494.70. During the same period 28 locomotives, two passenger-train cars, 173 freight-train cars and some miscellaneous equipment, having a total book value of \$1,078,958.26, were retired from service by reason of obsolescence or other causes and written out of the equipment account, making the net increase in that account for the year of \$4,422,536.44.

The equipment stock of the Company and its operated subsidiaries at December 31, 1942, consisted of:

- 1,987 Steam locomotives.
With aggregate tractive power of 112,824,100 pounds.
- 54 Diesel and other locomotives.
With aggregate tractive power of 3,916,200 pounds.
- 1,199 Passenger-train cars.
With total seating capacity for 47,382 persons.
- 88,560 Freight-train cars.
With total carrying capacity of 4,682,126 short tons.
- 167 Units of marine or floating equipment.
- 2,526 Units of work and miscellaneous equipment.

In March 1942 the Company placed orders for early delivery of 1,000 box cars and 1,000 hopper cars, each of 50 tons capacity, but because of restrictions emanating from the War Production Board this equipment was not allotted to the Company. However, under a directive recently issued by that Board, the Company is permitted to acquire 525 composite hopper cars, and it is now anticipated these will be received sometime in 1943.

During the year and since your Directors authorized the acquisition of additional power consisting of three multiple-unit Diesel freight locomotives and twenty-five Diesel switching locomotives, and it is now anticipated that, pursuant to orders placed with manufacturers, a number of these units will be delivered during 1943. Also, recently, orders were placed for twenty heavy freight locomotives and they have been scheduled for delivery during the closing months of this year.

Ten Diesel switching locomotives were ordered last year for service within the Chicago switching area, six of which were delivered in 1942, and four in the early months of this year, and the acquisition of nine similar locomotives, for service in the Staten Island area of New York City, has been authorized.

SEPARATELY OPERATED PROPERTIES:

In addition to the properties operated in its own name the Company owns all or substantially all of the capital stock and indebtedness of The Baltimore and Ohio Chicago Terminal R. R. Co., owning and operating 90.10 miles of road in and around Chicago, Ill., and The Staten Island Rapid Transit R'y Co., to which is leased The Staten Island Railway, owning and operating 23.55 miles of road on Staten Island, N. Y., which properties are operated in their own names. The results of their operations are shown in Table 11, page 34, appended hereto. The Company is also sole owner of the capital stock of several warehouse and other companies which are operated in their own names. The net results of the operations of all separately operated properties, except The Alton R. R. Co., of which mention is hereinafter made on page 15, are transferred to the income account of The Baltimore and Ohio R. R. Co. through the medium of the accounts "Separately Operated Properties—Profit or Loss" as the case may be, as will appear by reference to Table 1, page 22 hereof.

INCOME ACCOUNT:

The audited income account of the Company for 1942 is shown in detail in Table 1, page 22, appended hereto, with comparisons with the previous year.

RAILWAY OPERATING REVENUES:

Freight revenues for the year totaled \$264,566,740.16, an increase over 1941 of \$62,783,802.74, or 31.11%, earned from the movement of 125,950,503 tons of revenue freight, an increase of 20,437,676 tons, or 19.37%, each ton being carried an average distance of 238.33 miles, an increase of 24.49 miles, or 11.45%, and the equivalent of 30,017,200,645 revenue tons one mile, an increase of 7,454,659,514 tons one mile, or 33.04%, at an average rate per ton per mile of 8.81 mills compared with a like average in 1941 of 8.94 mills, a decrease of 0.13 mills notwithstanding the increase in rates and charges effective March 18, 1942. These and other freight traffic statistics may be found in Tables 9 and 10, appended hereto on pages 32 and 33.

Revenue from the transportation of passengers aggregated \$26,795,735.08, being an increase over last year of \$12,934,666.69, or 93.32%, resulting from the movement of 7,613,019 passengers, an increase of 1,162,495 passengers, or 18.02%, each passenger being carried an average distance of 167.20 miles, an increase of 51.21 miles, or 44.15%, representing the equivalent of 1,272,898,072 passengers carried one mile, an increase of 524,687,922 passengers one mile, or 70.13%, at an average rate per passenger per mile of 2.105 cents, an increase over 1941 of 2.52 mills. The number of passengers carried in scheduled trains was augmented by members of the armed forces moving in other than special service and in addition 987,540 troops were moved in 10,184 special trains or in special cars attached to scheduled trains. Other passenger traffic statistics may be found in Table 8, page 32, of this report.

All other railway operating revenues, including transportation of mail and express and accessorial services, amounted to \$14,891,718.25, an increase of \$3,032,702.50, or 25.57%.

The total of all railway operating revenue for the year was \$306,254,193.49, an increase over 1941 of \$78,751,171.93, or 34.62%.

RAILWAY OPERATING EXPENSES:

Expenditures for maintenance of way and structures for the year 1942 were \$27,921,772.57, an increase over the previous year of \$6,773,749.28, or 32.03%, and absorbed 9.12 cents of each dollar of operating revenues. During the year 33,807 tons of new rail and 41,898 tons of repair rail were laid in replacement; 1,557,649 cross ties were renewed; 1,583,633 tons of ballast applied and 1,616,624 tons of ballast cleaned. Due to restrictions imposed by the War Production Board only about 70% of the rail ordered for 1942 delivery was received. The property has been maintained to the standard necessary for the safe and expeditious movement of all traffic and to meet the increasing demands of the National war effort.

Expenditures for maintenance of equipment aggregated \$62,590,467.46, an increase over 1941 of \$10,399,272.06, or 19.93%, and absorbed 20.44 cents of each dollar of gross revenues. That locomotives and cars have been well maintained to afford maximum service availability is shown by the fact that only 3.5% of locomotives were undergoing or awaiting repairs, and but 2.5% of car ownership; new low records for all time; however, due to the intensified use of all equipment the wear and tear thereon is greater than in former years and will require replacement at an earlier date than would occur under more normal use and in the meantime being more expensive to maintain.

Transportation expenses, or the cost of handling traffic, totaled \$98,045,159.43, an increase over the previous year of \$23,263,188.21, or 31.11%, and absorbed 32.01 cents of each dollar of operating revenues, and this is the lowest operating ratio for any year since 1906 when the ratio was 31.95%. In the movement of traffic new train-load records were established, the gross tonnage being 2,455 per train, net tonnage of lading 1,186, and net tonnage of revenue freight 1,058; and car movement averaged 45.8 miles per serviceable car per day, which is also a new record. To aid in alleviating fuel oil shortage in eastern seaboard states the Company moved an average of approximately 700 tank cars of oil per day during the last quarter of 1942.

All other operating expenses, including traffic, general and miscellaneous, for 1942, were \$15,683,799.30, an increase of \$2,886,571.70, or 22.57%.

The total of all operating expenses for 1942 was \$204,241,198.76, an increase of \$43,322,781.25, or 26.92%, and were 66.69% of total revenues compared with 70.73% for 1941, a decline of 4.04 points. In addition to the heavy volume of traffic handled these expenses reflect for the full year the increase in rates of pay effective in the last quarter of 1941.

To strengthen the operating organization the Company's system has been divided into four regions instead of three, with a general manager and complete staff in charge of each region. An organization has also been established to promote a more economical use of locomotive fuel, the consumption of which per 1,000 gross ton miles, including locomotive and tender, was 139 pounds in 1942, a reduction of 10 pounds under 1929 when the volume of traffic measured in gross ton miles handled was at the previous peak.

Details of operating expenses for 1942 compared with 1941 may be found in Table 5, pages 28 to 30.

RAILWAY TAX ACCRUALS,
HIRE OF EQUIPMENT,
JOINT FACILITY RENTS:

Railway tax accruals are an uncontrollable item of expense and for 1942 aggregated \$25,054,012.87, an increase for the year of \$9,273,907.16, or 58.77%, of which \$18,065,239.16 is for Federal income, pay roll and capital stock taxes, and the remainder, or \$6,988,773.71, for State and local taxes. Taxes for the year absorbed 24.56 cents out of each dollar of operating revenues after deduction of operating expenses, and were equivalent to \$4.00 and \$8.85 per share respectively, on the Company's preferred and common stock outstanding, on which nothing was paid, and, together with miscellaneous tax accruals, were equivalent to \$463.51 per employee.

Hire of equipment, or rent paid for the use of equipment of others, shows a net charge to income of \$5,740,198.90, an increase over 1941 of \$3,048,168.64, or 113.23%, substantially all of which was for use of tank cars for alleviation of fuel oil shortage in the Eastern States.

The net charge for use of joint facilities with other carriers was \$1,660,064.98, a decrease in such charges of \$155,278.57, or 8.55%.

Deducting these charges from net operating revenue leaves net railway operating income of \$69,558,717.98, an increase over 1941 of \$23,261,593.45, or 50.24%.

NET INCOME:

Income from rents and return on investments amounted to \$8,670,683.14, from which should be taken miscellaneous income charges of \$1,685,984.95, making net amount of other income \$6,984,698.19, an increase of \$682,131.10, or 10.82%, which added to net railway operating income makes the total income available for fixed and other charges \$76,543,416.17, an increase over last year of \$23,943,724.55, or 45.52%. Charges remaining fixed under the Plan and interest charges contingent only as to time of payment aggregated \$31,219,819.58, a decline under last year of \$287,989.09, which when subtracted from the then available income leaves net audited income of \$45,323,596.59, an increase over 1941 of \$24,231,713.64, or 114.89%. This net income reflects a non-recurring deduction in Federal income taxes of \$8,574,214.31 on account of the stock of The Alton Railroad Company, owned by the Company, becoming worthless in 1942. For disposition of available income, as adjusted, in accordance with priorities established by the Plan, see page 10 hereof, under the caption Application of Available Income under Modification Plan.

The income account in Table 1, page 22, follows generally the form prescribed by the Interstate Commerce Commission, but the following tabulations will show in somewhat more simplified form the sources of income from services, etc., and the disbursement or appropriation thereof:

SOURCES FROM WHICH INCOME WAS DERIVED:

	AMOUNT	PER CENT. OF TOTAL
From transportation of freight—		
Merchandise.....	\$196,886,311	62.52
Coal and coke.....	67,680,429	21.49
	<u>\$264,566,740</u>	<u>84.01</u>
From transportation of passengers.....	26,795,735	8.51
From transportation of mail.....	3,631,401	1.15
From transportation of express.....	2,429,460	.77
From switching cars.....	2,637,314	.84
From dining car and restaurant service.....	2,156,531	.68
From demurrage charges for delayed release of cars.....	871,318	.28
From storage of baggage and freight.....	652,552	.21
From all other operating services.....	2,513,143	.80
From rental of property.....	1,586,566	.50
From dividends on stock of other companies.....	4,087,247	1.30
From interest on investments and accounts.....	2,356,996	.75
From all other sources.....	639,874	.20
Total.....	<u>\$314,924,877</u>	<u>100.00</u>

PURPOSES FOR WHICH INCOME WAS DISBURSED:

	AMOUNT	PER CENT. OF TOTAL
For pay-rolls chargeable to operating expenses.....	\$120,897,570	38.39
For locomotive fuel.....	15,671,711	4.98
For rail, ties and other track material.....	5,307,796	1.68
For depreciation and amortization of property.....	10,952,205	3.48
For loss and damage and casualties.....	3,745,291	1.19
For all other operating charges.....	47,666,626	15.14
For rental of equipment and joint facilities.....	7,400,264	2.35
For taxes.....	25,381,023	8.06
For interest on debt and other fixed charges.....	31,219,820	9.91
For all other charges to income.....	1,358,974	.43
For appropriation for capital fund.....	7,528,804	2.39
For appropriation for sinking funds.....	28,325,832	8.99
For increase in working capital and other purposes.....	9,468,961	3.01
Total.....	\$314,924,877	100.00

While the operating results for the year were most gratifying, it should be remembered that they were due, in part, to the abnormal conditions prevailing as a result of the war and cannot be expected to continue under more normal conditions in the future.

GENERAL BALANCE SHEET:

The general balance sheet of the Company recording the status of its affairs at the close of the year 1942 may be found in Table 3, pages 24 and 25. From this statement it will be seen that the total book value of investment assets is \$1,206,014,017.53, a net increase for the year of \$4,736,114.40 notwithstanding a charge-off to surplus account of \$25,755,997.22 for loss on investment in The Alton R. R. Co. capital stock, offset by increase in investment in road and equipment, by the increase in the sinking fund, and by other adjustments.

Current assets at the end of the year total \$74,346,734.04, an increase over the same period of 1941 of \$17,342,637.75, and include temporary cash investments of \$15,996,679.39, substantially all in Government securities. Current liabilities, including tax liability and accrued contingent interest payable May 1, 1943, aggregate \$55,260,297.04, an increase of \$3,302,373.96, making the excess of current assets over current liabilities \$19,086,437.00.

There was no change during the year in the Company's capital stock issued or outstanding.

During 1942 the following interest bearing securities were retired through the operation of the sinking fund created by the Plan, viz.:

The Baltimore & Ohio R. R. Co.—		
First Mortgage 5% Bonds.....	\$	60,000.00
Pittsburgh, Lake Erie & West Virginia 4% Bonds....		338,000.00
Refunding and General Mortgage 5% Bonds "F"....		41,000.00
Southwestern Division Mortgage 5% Bonds.....		107,500.00
Extended Five-Year 4% Notes.....		383,000.00
Cincinnati, Hamilton & Dayton R. R. Co.—		
General Mortgage 5% Bonds at maturity.....	3,000,000.00	\$3,929,500.00

In addition, there were retired at maturity from funds provided by equipment depreciation reserve:

Equipment obligations.....	5,272,830.36
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And there were also acquired from other funds of the Company:

The Baltimore & Ohio R. R. Co.—		
First Mortgage 5% Bonds.....	\$	636,000.00
Pittsburgh, Lake Erie & West Virginia 4% Bonds....		1,778,000.00
Extended Five-Year 4% Notes.....		883,000.00
Reconstruction Finance Corporation 4% Notes.....		74,240.46
West Virginia & Pittsburgh R. R. Co.—		
First Mortgage 4% Bonds.....		91,000.00
Buffalo & Susquehanna R. R. Corp.—		
First Mortgage 4% Bonds.....		65,900.00
Miscellaneous.....	2,500.00	3,530,640.46

Total reduction in outstanding interest bearing debt..... \$12,732,970.82

On July 14, 1942, the Company executed a conditional sale agreement for the purchase of three Diesel-electric freight locomotives at a total cost of \$1,509,210.00, of which there remains to be paid serially, with interest at 2% annually,.....

	1,160,861.97
Making the net reduction in outstanding interest bearing debt.....	\$11,572,108.85

The difference between the face value of the securities acquired before maturity and the cost thereof, or \$1,796,319.56, was credited to surplus.

After the close of the year, the Company invited holders of its securities to submit tenders thereof for purchase by the Company, and the results of the transactions pertaining to such purchases as were made will be given in the Company's report for the year 1943.

EMPLOYES AND COMPENSATION:

Following requests of employes for increases in rates of pay, which were declined by carriers, a Board of Mediation, appointed by the President of the United States, on December 2, 1941, proposed an increase in the then base pay of nonoperating employes of 10 cents per hour, or 80 cents per day, and vacation with pay, and for the operating employes of $9\frac{1}{2}$ cents per hour or 76 cents per day. These increases, including vacations with pay and pay-roll taxes on the increases, were in effect throughout the entire year 1942 and added approximately \$16,400,000 to the Company's expenses.

On September 25, 1942, the nonoperating employes requested an increase in base pay of 20 cents per hour and a minimum rate of not less than 70 cents per hour. This request was declined and the question is now before the National Railway Labor Panel Emergency Board for consideration.

On January 25, 1943, the operating employes requested an increase in the base pay of 30% with a minimum increase of \$3.00 per day, the same percentage increase to be applied to all arbitraries, miscellaneous rates, special allowances and to all guarantees. This request was also declined and is now in the hands of the Chairman of the National Railway Labor Panel awaiting the appointment of a Board to consider the matter.

The average number of employes in service during the year was 54,759, an increase over 1941 of 7,621 employes, or 16.17%, with total compensation of \$129,658,009, an increase of \$28,727,104, or 28.46%, and the average annual compensation per employe in 1942 was \$2,368, compared with \$2,141 in 1941, an increase of \$227 per annum, or 10.60%.

RATES, FARES AND CHARGES:

To offset the increase in wages and other costs in 1941 the Company, in concert with other carriers, on December 13 of that year petitioned the Interstate Commerce Commission to increase passenger fares 10%, and asked for an increase of approximately 10% in freight rates and charges. On January 21, 1942, the Commission authorized the increase of 10% in passenger fares, made effective February 10, 1942, and on March 2, 1942, authorized an increase of approximately $4\frac{1}{4}$ % in freight rates and other charges effective March 18, 1942. These increases were to remain in effect for the duration of the war and six months thereafter, but the record was held open to give consideration to readjustments or corrections which the circumstances may warrant.

In December, 1942, the Director of the Office of Price Administrator and the Director of Economic Stabilization petitioned the Commission to reopen the proceedings and asked that the increases in railway rates be cancelled. The petition was granted, a hearing was had, and on April 6, 1943, the Commission issued its order suspending the increases in freight rates and charges effective May 15, 1943, and until January 1, 1944. Except in respect of commutation rates, which were suspended and held over for future consideration, increases in passenger rates were continued in effect. It is estimated the order of the Commission will effect a decrease in the Company's revenues for the remainder of 1943 of approximately \$7,500,000.

BANKRUPTCY OF THE ALTON RAILROAD COMPANY:

During the earlier part of the year negotiations were continued with the institutional groups representing large amounts of the Chicago & Alton Refunding Mortgage Bonds, looking towards a readjustment of the Alton's obligations. Pending working out of a permanent plan, a temporary agreement was made by The Alton Railroad Company, The Baltimore and Ohio Railroad Company, and the two Groups dated as of June 15, 1942, providing for the application to the payment of overdue interest on said bonds of surplus earnings after provision for a cash working fund of \$500,000 and a capital fund amounting to $2\frac{1}{2}$ % of railway operating revenues to be used for necessary capital expenditures. Thereafter, The Alton Railroad Company, with the concurrence of The Baltimore and Ohio Railroad Company, submitted to the two Groups proposals for a permanent readjustment of the Alton's affairs, which were later withdrawn after the Groups informally submitted to The Baltimore and Ohio Railroad Company, by way of counter proposal, an outline of a voluntary plan of reorganization which was contingent upon The Baltimore and Ohio Railroad Company's contributing large sums of money to effectuate an adjustment of the Alton's affairs.

The Company rejected the proposal of the two Groups and gave notice to them of the cancellation of the temporary agreement of June 15, 1942, and further notified The Alton Railroad Company that it had given such notice. The latter company thereupon filed a petition under Section 77 of the Bankruptcy Act admitting its insolvency, which petition was approved by the Federal District Court on November 25, 1942. On December 15, 1942, the Court appointed Mr. Henry A. Gardner Trustee of The Alton Railroad Company and, his appointment having in the meantime been ratified by the Interstate Commerce Commission, Mr. Gardner entered upon the discharge of his duties on February 7, 1943. The Interstate Commerce Commission has not yet held a hearing on a reorganization plan for the Alton. In the reorganization proceeding your Company will take all proper steps which may be necessary to protect its interests as a substantial creditor of the Alton and holder of leased line stocks.

RELIEF DEPARTMENT:

The Relief Department embraces the Relief Feature and Savings Feature, associations of employees which are operated with the Company's cooperation and payment by it of the operating expenses.

The total income of the Relief Feature in 1942 from contributions by members and income on investments aggregated \$1,995,528.80, and there was paid in benefits to its membership \$1,781,819.99.

The Savings Feature on December 31, 1942, had on deposit \$8,985,067.60 to the credit of its depositors and miscellaneous liabilities of \$2,513.55; and on the same date the assets of the Savings Feature were: Loans to members secured by first mortgages on real estate, \$2,482,430.16; property owned, \$60,013.70; investment in securities of a book value of \$4,293,732.82 (having a market value of \$3,592,649.43); cash \$2,755,897.94; and miscellaneous, \$27,084.71, or a grand total book value of \$9,619,159.33. Deposits and interest thereon are guaranteed by The Baltimore and Ohio Railroad Company, in accordance with the regulations of the Savings Feature, and in support of this guaranty that Company has pledged with the Relief Department securities of a market value of \$1,215,293.75.

GENERAL:

Transportation conditions during the year were greatly altered by reason of the existing wartime emergency. Large tonnages formerly transported by coastal and intercoastal vessels reverted to rail haulage, and much tonnage formerly handled to and from our ports in interchange with such vessels has been changed to all-rail routing. Very heavy movements of petroleum products, previously handled to the east coast by tankers, have supplied much long-haul traffic from western connections.

Enemy activities, while preventing the importation of important commodities, have created large exportations of war-material and foods. The business of war supply and preparation has greatly accelerated industrial activity in large traffic centers served by the Company.

Close working contact has been maintained, through the various Federal agencies, between the Company and the National Government. The needs of the armed forces and independent agencies of the Government have been met by adjustments in storage practices and freight rates, and, as before stated on page 11, storage yards have been provided for the storage in transit of war supplies and to facilitate movement of traffic to ports. The Office of Defense Transportation, created by executive order of the President, with wide powers, is particularly designed to facilitate transportation during the war period and has, through its orders, provided for heavier loading of cars to conserve equipment, for the control of certain movements by permit, and for preferential transportation, particularly in respect of petroleum products, the solicitation by carriers of such movements to the eastern seaboard having been suspended by that Office.

Due to the inability to obtain allotments of necessary materials for construction of additional passenger-carrying equipment, the Office of Defense Transportation issued orders in respect of the use and movement of such equipment so that it might be more effectively utilized as needed in the movement of the armed forces.

While for the Company the year 1941 was notable for industrial development, the year 1942 vastly eclipsed all records. Completion and operation of plants and expansions representing investments, cumulatively, of more than \$535,000,000, resulted in more than 11,400,000 tons of new business for the Company, and produced in excess of \$35,800,000 in freight revenue. Seventy-seven of the projects consummated are plants devoted principally to production of war-material, and these alone contributed more than \$22,600,000 to freight revenue.

Close contact is being maintained with those agencies of the Government now surveying and charting economic and industrial trends, with the particular objective of determining to what proper use wartime plants can be adapted in the post-war period.

OFFICIAL CHANGES:

Effective September 1, 1942, Russell L. Snodgrass was elected Vice-President in charge of Finance, and the jurisdiction of J. J. Ekin, Vice-President and Comptroller, was extended to include the Freight Claim Department.

Effective October 1, 1942, in a reorganization of the Operating Department, the New York Terminal Lines, Eastern Lines, and Western Lines were abolished, and Regions, to be known as New York Terminal Region, Eastern Region, Central Region and Western Region were established.

C. M. Shriver was appointed General Manager, New York Terminal Region; F. G. Hoskins, General Manager, Eastern Region; J. D. Beltz, General Manager, Central Region, and F. B. Mitchell, General Manager, Western Region.

The positions of General Superintendent at Baltimore, Pittsburgh and Cincinnati, and of District Master Mechanic at Baltimore and Cincinnati were abolished.

January 1, 1943, G. Murray Campbell was appointed General Freight Traffic Manager, to succeed Omer S. Lewis, retired at his own request after more than fifty years service with the Company.

C. M. Groninger was appointed Coal Traffic Manager, to succeed G. Murray Campbell, promoted.

The President and Directors record with deep regret the deaths during the year of the following executive officers of the Company:

On July 6, 1942, of Daniel Willard, President of the Company from January 15, 1910, to May 31, 1941, (serving longer than any of his predecessors), and as Chairman of the Board from June 1, 1941, to date of his death.

Mr. Willard first entered the service of the Company March 10, 1899, as Assistant General Manager, holding that office until June 1, 1901. Subsequently he was respectively Assistant to the President and a Vice-President of the Erie Railroad Company and a Vice-President of the Chicago, Burlington and Quincy Railroad Company until January 1910, when he returned to the Baltimore and Ohio as President.

On May 11, 1942, of George McLean Shriver, Senior Vice-President of the Company from March 1, 1920, to date of his death.

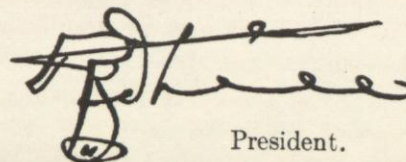
Mr. Shriver first entered the Company's service in 1886, as a clerk in the Accounting Department, serving temporarily in 1887-1888 with the United States Express Company and the Consolidation Coal Company, returning to the Baltimore and Ohio December 19, 1888, as private secretary to Charles F. Mayer, then President; serving later as Assistant to President and as Second Vice-President until March 1, 1920, when elected Senior Vice-President.

Copies of Minutes adopted by the President and Directors are included in this report.

As of the last record date there were 35,941 registered holders of the Company's capital stock with an average holding of 88 shares each. The Company solicits the continued interest of its shareholders and other holders of its securities in recommending the use of its facilities and services by the general public. Such interest has been beneficial in the past and is appreciated by the management, and its continuance will inure to the benefit of all concerned.

The President and Board of Directors desire to record their high appreciation of the loyal service and efficient cooperation of the Company's officers and employees in the conduct of its affairs in these trying and difficult times, and earnestly bespeaks a continuance thereof in the future.

By order of the Directors.



President.

At a meeting of the President and Directors of The Baltimore and Ohio Railroad Company, held July 15, 1942, the following Minute upon the death of Daniel Willard, was unanimously adopted:

The President and the Directors of The Baltimore and Ohio Railroad Company, meeting today in an atmosphere of solemnity occasioned by the death of the Chairman of the Board, Daniel Willard, before proceeding to the transaction of business, desire to enter as a part of the record their appreciation of his character and his service.

No extended comment need here be made on Mr. Willard's civic, social and public service as a citizen, in private life or while serving our country as a public official during the First World War. These are matters of common knowledge. It is fitting, however, that we record an expression of our individual esteem for Mr. Willard as a man, a fair-minded, high-minded gentleman, courteous, kindly and dignified in his business contacts and personal relationships, and our cognizance of the loss we have sustained in his passing.

Mr. Willard was President of this Company from January 15, 1910, to May 31, 1941, and Chairman of the Board from June 1, 1941, to July 6, 1942, the date of his death.

His accomplishments in the field of railroading were too numerous to recount here. He was a pioneer and introduced many improvements in railroad operation, among which were air-conditioned cars and Diesel locomotives. When he came to the Baltimore and Ohio as President on January 15, 1910, shippers were holding meetings to protest against the inadequacy of its freight facilities and the public was critical of its passenger service. During his incumbency the Company's mileage and property investment were doubled and when he retired the Railroad was rendering, as it is today, almost unexcelled service. His leadership in employer-employee relations was an asset not only to the Baltimore and Ohio but redounded also to the benefit of industry generally and to the country as a whole.

His last great effort in behalf of the Company and the thousands of persons and institutions with investments in the property was the consummation of the plan for deferment of interest payments. We rejoice that he was able not only to effectuate the plan but that he lived to see his hopes realized and all arrearages of interest paid.

It is ordered that a copy of this minute be engrossed, signed by the President and the Secretary and presented to Mrs. Willard with a note conveying to her our sympathy in her bereavement.

(A true copy)

G. F. MAY

Secretary.

At a meeting of the President and Directors of The Baltimore and Ohio Railroad Company, held May 20, 1942, the following Minute upon the death of George McLean Shriver, was unanimously adopted:

The recording here of the regrettable death on May 11, 1942, of George McLean Shriver, for many years a Director and Senior Vice-President of The Baltimore and Ohio Railroad Company is more than mere conformity with a custom.

His long service record with the Company covered a period of more than half a century, ranging all the way from Clerk to Senior Vice-President. He served under six of its Presidents, all of whom held him in high esteem and recognized his unfailing loyalty and exceptional ability. His part in the building of a great transportation system is so well-known it need not be reviewed or recounted.

We would emphasize his high ideals, patience, diligence, energy and fidelity to the Company with which practically his entire business life was spent. The many messages which came to the Chairman of the Board and the President expressing sorrow at his passing constitute conclusive evidence of the high esteem in which numberless people held Mr. Shriver.

He was keenly alert to the problems of the corporation, always solicitous of its welfare; calm, considerate and gentle in his manner and speech; patient and painstaking in his dealings, unsparing of his time and strength and unswerving in his devotion to duty, while consistently considerate of the rights and feelings of his associates and subordinates, all of whom will miss his genial presence and feel his loss severely.

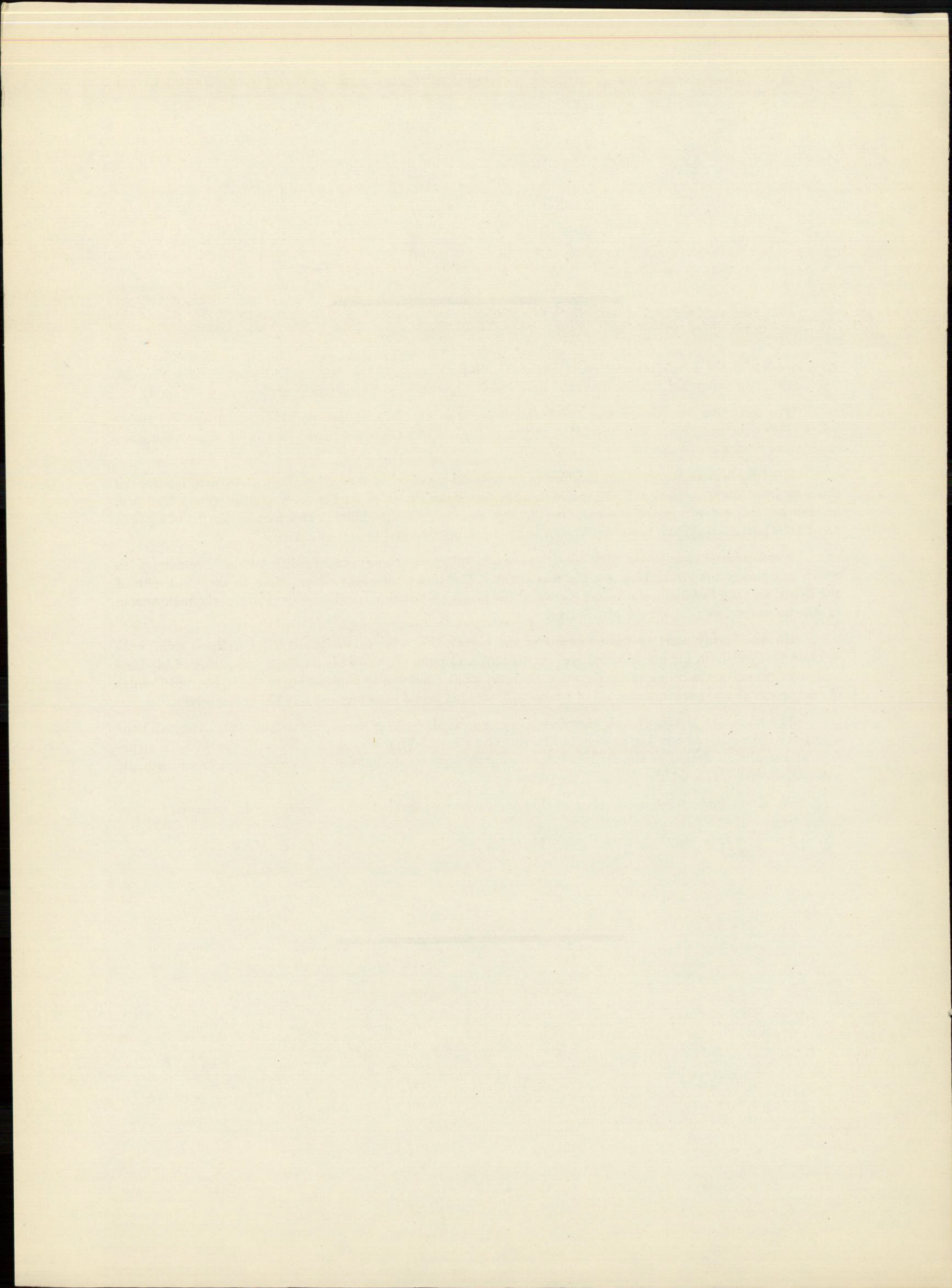
The members of this Board, therefore, here express their deep regret at the loss which they and the Company have sustained in the passing of Mr. Shriver; remembering his conversance with the financial structure and wealth of details of the Railroad, his exceptional personal qualities and kindly manner which made association with him a delight.

We direct that an engrossed copy of this minute be transmitted to the family of Mr. Shriver.

(A true copy)

G. F. MAY

Secretary.



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TABLE 1.

INCOME ACCOUNT.

YEAR ENDED DECEMBER 31, 1942, IN COMPARISON WITH YEAR ENDED DECEMBER 31, 1941.

	1942.	1941.	INCREASE OR Decrease.
AVERAGE MILES OPERATED.....	6,246.47	6,283.78	37.31
RAILWAY OPERATING REVENUES:			
Freight.....	\$264,566,740.16	\$201,782,937.42	\$62,783,802.74
Passenger.....	26,795,735.08	13,861,068.39	12,934,666.69
Mail.....	3,631,401.32	3,415,316.53	216,084.79
Express.....	2,429,459.37	1,573,219.28	856,240.09
Other transportation revenue.....	3,102,180.24	2,933,727.21	168,453.03
Miscellaneous revenue.....	5,728,677.32	3,936,752.73	1,791,924.59
Total railway operating revenues.....	\$306,254,193.49	\$227,503,021.56	\$78,751,171.93
RAILWAY OPERATING EXPENSES:			
Maintenance of way and structures.....	\$ 27,921,772.57	\$ 21,148,023.29	\$ 6,773,749.28
Maintenance of equipment.....	62,590,467.46	52,191,195.40	10,399,272.06
Traffic expenses.....	5,509,727.80	5,158,867.49	350,860.31
Transportation.....	98,045,159.43	74,781,971.22	23,263,188.21
Miscellaneous operations.....	2,870,474.49	1,974,176.11	896,298.38
General expenses.....	7,303,597.01	5,692,086.69	1,611,510.32
Transportation for investment—Credit.....		27,902.69	27,902.69
Total railway operating expenses.....	\$204,241,198.76	\$160,918,417.51	\$43,322,781.25
NET REVENUE FROM RAILWAY OPERATIONS.....	\$102,012,994.73	\$ 66,584,604.05	\$35,428,390.68
Ratio of operating expenses to operating revenues.....	66.69	70.73	4.04
Railway tax accruals.....	\$ 25,054,012.87	\$ 15,780,105.71	\$ 9,273,907.16
RAILWAY OPERATING INCOME.....	\$ 76,958,981.86	\$ 50,804,498.34	\$26,154,483.52
OTHER OPERATING CHARGES:			
Equipment rents—Net debit.....	\$ 5,740,198.90	\$ 2,692,030.26	\$ 3,048,168.64
Joint facility rents—Net debit.....	1,660,064.98	1,815,343.55	155,278.57
Total other operating charges.....	\$ 7,400,263.88	\$ 4,507,373.81	\$ 2,892,890.07
NET RAILWAY OPERATING INCOME.....	\$ 69,558,717.98	\$ 46,297,124.53	\$23,261,593.45
OTHER INCOME:			
Income from lease of road and equipment.....	\$ 458,943.92	\$ 466,400.55	7,456.63
Miscellaneous rent income.....	875,151.41	860,800.12	14,351.29
Miscellaneous non-operating physical property.....	252,470.47	248,850.58	3,619.89
Separately operated properties—Profit.....	299,437.54	102,025.84	197,411.70
Dividend income.....	4,087,246.90	4,192,020.12	104,773.22
Income from funded securities.....	2,041,366.74	2,074,976.65	33,609.91
Income from unfunded securities and accounts.....	304,077.12	55,400.11	248,677.01
Income from sinking and other reserve funds.....	11,552.08	14,044.99	2,492.91
Release of premium on funded debt.....	25,237.63	26,760.24	1,522.61
Miscellaneous income.....	315,199.33	265,468.81	49,730.52
Total other income.....	\$ 8,670,683.14	\$ 8,306,748.01	\$ 363,935.13
Total income.....	\$ 78,229,401.12	\$ 54,603,872.54	\$23,625,528.58
MISCELLANEOUS DEDUCTIONS FROM INCOME:			
Miscellaneous rents.....	\$ 289,053.85	\$ 313,330.64	\$ 24,276.79
Miscellaneous tax accruals.....	327,010.50	433,577.45	106,566.95
Separately operated properties—Loss.....	551,580.90	858,374.78	306,793.88
Miscellaneous income charges.....	518,339.70	398,898.05	119,441.65
Total miscellaneous deductions.....	\$ 1,685,984.95	\$ 2,004,180.92	\$ 318,195.97
Income available for fixed charges.....	\$ 76,543,416.17	\$ 52,599,691.62	\$23,943,724.55
INTEREST AND OTHER FIXED CHARGES:			
Rent for leased roads and equipment.....	\$ 1,059,581.08	\$ 1,057,688.32	\$ 1,892.76
Fixed interest charges.....	18,803,676.00	19,083,345.35	279,669.35
Total interest and other fixed charges.....	\$ 19,863,257.08	\$ 20,141,033.67	\$ 277,776.59
Income available for other purposes (See Note).....	\$ 56,680,159.09	\$ 32,458,657.95	\$24,221,501.14
CONTINGENT INTEREST CHARGES:			
Secured interest charges.....	\$ 7,103,740.00	\$ 7,105,380.00	\$ 1,640.00
Unsecured interest charges.....	4,252,822.50	4,261,395.00	8,572.50
Total contingent interest charges.....	\$ 11,356,562.50	\$ 11,366,775.00	\$ 10,212.50
NET INCOME.....	\$ 45,323,596.59	\$ 21,091,882.95	\$24,231,713.64

Italics indicate deficit or decrease.

Note: For application and distribution of income available for other purposes see second paragraph, page 10.

TABLE 2.
CORPORATE SURPLUS ACCOUNT.
DECEMBER 31, 1942.

ADDITIONS TO PROPERTY THROUGH INCOME AND SURPLUS:			
Credit balance, December 31, 1941.....			\$39,465,262.30
Appropriated from income of 1942 (see below).....	\$ 7,528,803.71		
Miscellaneous adjustments.....	16,459.33	7,545,263.04	
Credit balance, December 31, 1942.....			\$47,010,525.34
FUNDED DEBT RETIRED THROUGH INCOME AND SURPLUS:			
Credit balance December 31, 1941.....			
Retired under the plan (Cost) (see below).....	\$ 3,554,501.25		
Credit balance, December 31, 1942.....			3,554,501.25
SINKING FUND RESERVES:			
Credit balance December 31, 1941.....	\$ 4,163,556.93		
Less: Funded debt retired under the plan (see above).....	3,554,501.25	\$ 609,055.68	
Appropriation from income of 1942.....	\$28,286,878.66		
Miscellaneous.....	118,058.57	28,404,937.23	
Credit balance, December 31, 1942.....			29,013,992.91
APPROPRIATED SURPLUS NOT SPECIFICALLY INVESTED: (Working Capital 1939):			
Credit balance, December 31, 1941.....	\$ 7,751,008.00		
Credit balance, December 31, 1942.....			7,751,008.00
PREMIUM ON SALE OF COMMON STOCK: (1927):			
Credit balance, December 31, 1941.....	\$ 3,355,721.25		
Credit balance, December 31, 1942.....			3,355,721.25
PROFIT AND LOSS:			
Credit balance, December 31, 1941.....		\$23,062,542.98	
Net earned income of 1942.....	\$45,323,596.59		
Less: Appropriated for additions and betterments (see above). \$ 7,528,803.71			
Appropriated for sinking and other reserve funds under			
the plan (see above).....	28,286,878.66		
Other appropriations.....	38,953.65	35,854,636.02	
Net surplus income of year 1942.....	\$ 9,468,960.57		
Deduct: Loss on retired road and equipment, etc.....	27,884,629.19	18,415,668.62	
Credit balance, December 31, 1942.....			4,646,874.36
TOTAL CORPORATE SURPLUS:			
Credit balance, December 31, 1942.....			\$95,332,623.11

Italics indicate debits.

TABLE 3.
GENERAL BALANCE SHEET.
DECEMBER 31, 1942.

ASSETS.				INCREASE OR Decrease COMPARED WITH DEC. 31, 1941.
INVESTMENT IN PROPERTY USED IN TRANSPORTATION SERVICE:				
Investment in property directly owned:				
Road.....	\$312,988,372.94			
Equipment.....	273,894,624.99	\$	586,882,997.93	
Investment in subsidiary companies operated as constituent parts of the company.....			400,710,466.44	
Investment in miscellaneous physical property held for transportation purposes.....			7,824,119.09	
Investment in perpetual leaseholds-Capitalized (per contra).....			10,450,200.00	
Total property investment as related to railway operating income.....			<u>\$1,005,867,783.46</u>	\$ 5,134,750.02
OTHER INVESTMENTS:				
Investment in subsidiary and affiliated companies separately operated:				
	PLEDGED.	UNPLEDGED.	TOTAL.	
Stocks.....	\$ 14,859,466.69	\$1,766,566.74	\$ 16,626,033.43	
Bonds.....	37,763,500.00		37,763,500.00	
Miscellaneous.....	3,736,978.31	7,336,607.97	11,073,586.28	
Total.....	<u>\$ 56,359,945.00</u>	<u>\$9,103,174.71</u>		\$ 65,463,119.71
Investment in other miscellaneous physical property.....				3,747,788.73
Investment in sinking funds.....			\$ 29,013,992.91	
Less securities included below in "Securities of Carrier's Own Issue".....			<u>700,000.00</u>	28,313,992.91
Deposits in lieu of mortgaged property sold.....				268,399.41
Investment in other Companies:				
	PLEDGED.	UNPLEDGED.	TOTAL.	
Stocks.....	\$ 91,179,142.91	\$ 866,643.65	\$ 92,045,786.56	
Bonds.....	6,387,312.95	360,859.78	6,748,172.73	
Miscellaneous.....	150,000.00	3,408,974.02	3,558,974.02	
Total.....	<u>\$ 97,716,455.86</u>	<u>\$4,636,477.45</u>		102,352,933.31
Total other investments.....			\$ 200,146,234.07	398,635.62
Grand total of all investments.....			<u>\$1,206,014,017.53</u>	\$ 4,736,114.40
CURRENT ASSETS:				
Cash.....			\$ 10,373,108.91	
Temporary cash investments.....			15,996,679.39	
Special deposits.....			3,652,353.23	
Loans and bills receivable.....			110.00	
Net balance receivable from agents and conductors.....			7,574,874.11	
Miscellaneous accounts receivable.....			17,733,346.98	
Material and supplies.....			16,472,338.71	
Interest and dividends receivable.....			2,443,921.76	
Other current assets.....			100,000.95	
Total current assets.....			<u>\$ 74,346,734.04</u>	17,342,637.75
DEFERRED ASSETS:				
Working fund advances.....			\$ 168,578.59	
Insurance fund.....			\$ 264,731.53	
Less securities of Carrier's Own Issue.....			<u>264,731.53</u>	
Other deferred assets.....			1,304,831.44	
Total deferred assets.....			<u>\$ 1,738,141.56</u>	1,857,326.89
UNADJUSTED DEBITS:				
Rents and insurance premiums paid in advance.....			\$ 173,316.28	
Other unadjusted debits (interdepartmental accounts in process of adjustment).....			5,082,089.19	
Total unadjusted debits.....			<u>\$ 5,255,405.47</u>	1,226,152.97
SECURITIES OF CARRIER'S OWN ISSUE HELD BY OR FOR ITS ACCOUNT:				
	PLEDGED.	UNPLEDGED.	TOTAL.	
Preferred and common stock.....	\$ 1,136,800.00	\$ 19,815.13	\$ 1,156,615.13	
Washington Branch stock (per contra).....	1,650,000.00		1,650,000.00	
Bonds.....	150,861,050.00	20,050.00	150,881,100.00	
Total securities of carrier's own issue.....	<u>\$153,647,850.00</u>	<u>\$ 39,865.13</u>	<u>\$153,687,715.13</u>	
Grand total.....			\$1,287,354,298.60	\$21,447,578.23

Italics indicate decrease.

TABLE 3—Concluded.
GENERAL BALANCE SHEET.
DECEMBER 31, 1942.

LIABILITIES.				INCREASE OR Decrease COMPARED WITH DEC. 31, 1941.
	TOTAL ISSUE.	HELD BY OR FOR COMPANY.	OUTSTANDING.	
CAPITAL STOCK:				
Common stock.....	\$ 256,302,100.00	\$ 6,752.08	\$ 256,295,347.92	
Preferred stock.....	60,000,000.00	1,136,863.05	58,863,136.95	
Washington Branch stock (per contra).....	1,650,000.00	1,650,000.00		
Total capital stock.....	\$ 317,952,100.00	\$ 2,793,615.13	\$ 315,158,484.87	
INTEREST BEARING OBLIGATIONS:				
Mortgage and other funded obligations.....	\$ 746,514,080.41	\$144,698,100.00	\$ 601,815,980.41	
Equipment obligations.....	25,481,652.55		25,481,652.55	
Miscellaneous obligations.....	2,330,885.05		2,330,885.05	
Unassumed obligations of operated subsidiaries.....	\$ 774,326,618.01	\$144,698,100.00	\$ 629,628,518.01	
Total interest bearing obligations.....	\$ 1,521,652,135.02	\$144,698,100.00	\$ 1,376,954,035.02	
PERPETUAL LEASEHOLDS CAPITALIZED (PER CONTRA):				
Dayton & Michigan R. R. Co.—Common stock.....	\$ 2,401,950.00	\$ 5,000.00	\$ 2,396,950.00	
Dayton & Michigan R. R. Co.—Preferred stock.....	1,211,250.00		1,211,250.00	
Home Avenue R. R. Co.—Capital stock.....	100,000.00	650.00	99,350.00	
Allegheny & Western R'y Co.—Capital stock.....	3,200,000.00	6,700.00	3,193,300.00	
Allegheny & Western R'y Co.—Mortgage bonds.....	2,000,000.00		2,000,000.00	
Clearfield & Mahoning R'y Co.—Capital stock.....	900,000.00	650.00	899,350.00	
Clearfield & Mahoning R'y Co.—Mortgage bonds.....	650,000.00		650,000.00	
Total capitalization, stocks, bonds, etc.....	\$ 10,463,200.00	\$ 13,000.00	\$ 10,450,200.00	
GOVERNMENTAL GRANTS:				
Grants in aid of construction.....	\$ 5,569,330.01		\$ 5,569,330.01	
CURRENT LIABILITIES:				
Traffic and car service balances payable.....			\$ 5,532,376.45	
Audited accounts and wages payable.....			11,960,617.52	
Miscellaneous accounts payable.....			2,993,476.42	
Interest matured unpaid.....			* 4,639,830.17	
Contingent interest payable May 1, 1943.....			11,357,076.21	
Dividends matured unpaid.....			82,042.76	
Unmatured interest accrued.....			3,742,207.59	
Unmatured rents accrued.....			40,973.31	
Accrued tax liability.....			13,654,687.03	
Other current liabilities.....			1,257,009.58	
Total current liabilities.....			\$ 55,260,297.04	
DEFERRED LIABILITIES:				
Unpaid contingent interest accrued.....				
Other deferred liabilities.....			\$ 675,191.71	
Total deferred liabilities.....			\$ 675,191.71	
UNADJUSTED CREDITS:				
Premium on funded debt.....			\$ 92,843.60	
Insurance reserve.....			264,731.53	
Accrued depreciation:				
Accrued amortization of defense projects—Road.....	\$ 62,033.30			
Equipment.....	115,365,274.32			
Accrued amortization of defense projects—Equipment.....	3,220,292.88		118,647,600.50	
Other unadjusted credits.....			4,459,514.80	
Total unadjusted credits.....			\$ 123,464,690.43	
INFER-COMPANY NON-NEGOTIABLE ACCOUNTS (NET BALANCE).....			\$ 16,246,663.42	
CORPORATE SURPLUS:				
Additions to property through income and surplus.....			\$ 47,010,525.34	
Funded debt retired through income and surplus.....			3,554,501.25	
Sinking fund reserves.....			29,013,992.91	
Appropriated surplus not specifically invested.....			7,751,008.00	
Premium on sale of common stock.....			3,355,721.25	
Profit and Loss—Balance.....			4,646,874.36	
Total corporate surplus.....			\$ 95,332,623.11	
Grand total.....			\$1,287,354,298.60	\$21,447,578.23

Italics indicate decrease.

*Includes \$1,060,647.60 contingent interest payable May 1, 1941, but not as yet collected by those entitled thereto.

*Includes \$1,732,879.60 contingent interest payable May 1, 1942, but not as yet collected by those entitled thereto.

As of December 31, 1942, the following securities bear the endorsement of The Baltimore and Ohio Railroad Company, jointly with other companies, viz.: Kentucky and Indiana Terminal Railroad Company, First Mortgage Sterling Bonds, \$7,041,776.60; Washington Terminal Company, First Mortgage Bonds, \$11,915,000.00; Cincinnati Union Terminal Company First Mortgage Bonds, Series "E," \$11,755,000.00, and First Mortgage Bonds, Series "D," \$24,000,000.00, and First Mortgage Bonds, Series "F," \$2,900,000.00; Monongahela Railway Company First Mortgage Bonds, Series "B," \$11,173,000.00; Dayton Union Railway Company, General Mortgage Bonds, \$3,600,000.00; and solely guarantees The Alton Railroad Company Note for \$984,182.02.

The above general balance sheet presents an accurate statement of the accounts of the Company as of December 31, 1942.

J. J. EKIN, Vice-President and Comptroller.

ANNUAL REPORT OF THE BALTIMORE AND OHIO RAILROAD COMPANY FOR THE YEAR 1942.

TABLE 4.

INTEREST BEARING OBLIGATIONS AND ANNUAL INTEREST CHARGES.

YEAR ENDED DECEMBER 31, 1942.

STATED IN ACCORDANCE WITH PLAN FOR MODIFICATION OF INTEREST CHARGES AND MATURITIES.

DATE OF INDENTURE OR OBLIGATION.	DATE OF MATURITY.	DESCRIPTION.	AUTHORIZED, AND ISSUED AS OF DEC. 31, 1942.	PLEDGED AS COLLATERAL OR HELD IN SINKING FUND.	HELD IN TREAS- URY.	OUTSTANDING IN HANDS OF PUBLIC DEC. 31, 1942.	INTEREST ACCRUED AND CHARGED INCOME FOR YEAR 1942.						TOTAL ALL INTEREST.					
							FIXED INTEREST.		SECURED CONTINGENT INTEREST.		UNSECURED CONTINGENT INTEREST.		RATE PER CENT	AMOUNT.	RATE PER CENT	AMOUNT.	RATE PER CENT	AMOUNT.
							RATE PER CENT	AMOUNT.	RATE PER CENT	AMOUNT.	RATE PER CENT	AMOUNT.						
OBLIGATIONS ISSUED OR ASSUMED.																		
The Baltimore & Ohio R. R. Co.																		
Dec. 1, 1915	Dec. 1, 1995	Refunding and General Mortgage:	\$ 60,000,000.00			\$ 60,000,000.00	1	\$ 600,000.00	4	\$2,400,000.00				\$ 3,000,000.00				
Dec. 1, 1915	Dec. 1, 1995	Series "A" 5% Bonds.....	15,000,000.00	\$15,000,000.00			1 1/2		4 1/2					6				
Dec. 1, 1915	Dec. 1, 1995	Series "B" 6% Bonds.....	47,500,000.00	12,500,000.00		35,000,000.00	1 1/2	420,000.00	4 1/2	1,680,000.00				6				
Dec. 1, 1915	Dec. 1, 1995	Series "C" 6% Bonds.....	30,000,000.00			30,000,000.00	1	300,000.00	4	1,200,000.00				5				
Dec. 1, 1915	Mar. 1, 2000	Series "D" 5% Bonds.....	30,000,000.00				1 1/2		4 1/2					6				
Dec. 1, 1915	Apr. 1, 2000	Series "E" 6% Bonds.....	74,649,500.00	74,647,250.00	\$ 2,250.00	32,838,250.00	1 1/2	328,521.98	4	1,313,530.00				5				
Dec. 1, 1915	Mar. 1, 1996	Series "F" 5% Bonds.....	33,084,000.00	241,500.00	4,250.00	81,994,850.00	1	3,279,794.00						4				
Dec. 1, 1915	Mar. 1, 1996	Series "G" 6% Bonds.....	82,000,000.00		5,150.00	74,304,000.00	4	2,995,984.32	1	\$ 743,040.00				5				
Dec. 1, 1915	July 1, 1948	First Mortgage 4% Bonds.....	82,000,000.00											4				
July 1, 1898	July 1, 1948	First Mortgage 5% Bonds.....	74,940,000.00	636,000.00			4							5				
July 1, 1898	July 1, 1948	First Mortgage 5% Bonds.....	74,940,000.00	636,000.00			4							5				
July 1, 1899	July 1, 1950	Southwestern Division 5% Bonds — Extended.....	44,892,500.00			44,892,500.00	3 1/2	1,572,491.67	1 1/2	673,387.50				5				
Nov. 1, 1901	Nov. 1, 1951	Pittsburgh, Lake Erie & West Va. 4% Bonds—Extended....	64,074,400.00	23,008,000.00	400.00	41,066,000.00	4	1,719,242.69						4				
Toledo-Cincinnati Div. Mtge.:																		
June 25, 1917	July 1, 1959	Series "A" 4% Bonds.....	11,250,500.00	265,300.00		10,985,200.00	4	439,408.00						4				
June 25, 1917	July 1, 1959	Series "B" 5% Bonds.....	5,000,000.00	5,000,000.00			5							5				
June 25, 1917	July 1, 1959	Series "C" 6% Bonds.....	9,079,000.00	9,079,000.00			6							6				
Feb. 1, 1930	Feb. 1, 1960	Thirty-Year 4 1/2% Convertible Bonds.....	63,081,000.00			63,081,000.00			4 1/2	2,836,395.00				4 1/2				
Aug. 1, 1934	Aug. 1, 1944	Five-Year 4% Secured Notes— Extended.....	49,617,000.00	883,000.00	8,000.00	48,726,000.00	4	1,979,923.44						4				
Various	Nov. 8, 1944	Reconstruction Finance Corpora- tion 4% Notes—Extended....	72,159,180.41			72,159,180.41	4	2,887,258.93						4				
Oct. 29, 1895	Nov. 1, 1995	Cleveland Term. & Valley R. R. Co. First Mortgage 4% Bonds.....	6,000,000.00	2,699,000.00		3,301,000.00	4	132,040.00						4				
Feb. 7, 1890	April 1, 1990	West Virginia & Pittsburgh R. R. Co. First Mortgage 4% Bonds..	4,000,000.00	719,000.00		3,281,000.00	4	134,018.43						4				
June 1, 1892	June 1, 1942	Cincinnati, Hamilton & Dayton R. R. Co. General Mortgage 5% Bonds...						62,500.00										
July 1, 1909	July 1, 1959	Cincinnati, Hamilton & Dayton R'y Co. First & Refund. Mtge. 4% Bonds	9,000.00			9,000.00	4	360.00						4				
Mar. 1, 1900	Mar. 1, 1950	Ohio & Little Kanawha R. R. Co. First Mortgage 5% Bonds.....	228,000.00			228,000.00	5	11,400.00						5				
Total Mortgage and other Funded Obligations.....			\$746,514,080.41	\$144,678,050.00	\$20,050.00	\$601,815,980.41		\$16,862,943.46		\$6,593,530.00		\$4,252,822.50		\$27,709,295.96				

TABLE 4—Concluded.

INTEREST BEARING OBLIGATIONS AND ANNUAL INTEREST CHARGES.

YEAR ENDED DECEMBER 31, 1942.

STATED IN ACCORDANCE WITH PLAN FOR MODIFICATION OF INTEREST CHARGES AND MATURITIES.

DATE OF INDENTURE OR OBLIGATION.	DATE OF MATURITY.	DESCRIPTION.	AUTHORIZED AND ISSUED AS OF DEC. 31, 1942.	PLEGDED AS COLLATERAL OR HELD IN SINKING FUND.	HELD IN TREAS- URY.	OUTSTANDING IN HANDS OF PUBLIC DEC. 31, 1942.	INTEREST ACCRUED AND CHARGED INCOME FOR YEAR 1942.						TOTAL ALL INTEREST.		
							FIXED INTEREST.		SECURED CONTINGENT INTEREST.		UNSECURED CONTINGENT INTEREST.				
							RATE PER CENT.	AMOUNT.	RATE PER CENT.	AMOUNT.	RATE PER CENT.	AMOUNT.		RATE PER CENT.	AMOUNT.
OBLIGATIONS ISSUED OR ASSUMED.															
April 1, 1927	April 1, 1942	The Baltimore & Ohio R. R. Co.	\$ 1,800,000.00			\$ 1,800,000.00	4½	\$ 8,437.50					\$ 8,437.50		
Nov. 1, 1929	Nov. 1, 1944	Equip't Trust, Series "G" 4½%	353,000.00			353,000.00	4	114,750.00					114,750.00		
July 9, 1934	June 15, 1944	Equip't Trust, Series "H" 4½%	3,750,000.00			3,750,000.00	2½	20,863.32					20,863.32		
Mar. 1, 1937	Mar. 1, 1947	Equip't Trust, Series "I" 2½%	3,800,000.00			3,800,000.00	2½	96,875.00					96,875.00		
Mar. 1, 1940	Mar. 1, 1950	Equip't Trust, Series "J" 2½%	3,800,000.00			3,800,000.00	2½	96,875.00					96,875.00		
Dec. 1, 1940	Dec. 1, 1950	Equip't Trust, Series "K" 1½%	3,800,000.00			3,800,000.00	1½	68,825.52					68,825.52		
June 1, 1941	June 1, 1951	Equip't Trust, Series "L" 1½%	5,292,000.00			5,292,000.00	1½	103,818.75					103,818.75		
June 10, 1938	June 10, 1944	General Motors Acceptance Cor- poration—Assigned to First National Bank of St. Paul, Minn., 2½%	418,649.66			418,649.66	2½	13,664.27					13,664.27		
July 2, 1940	Nov. 1, 1948	Electro-Motive Corporation— Assigned to National Bank of Detroit, 2½%	721,294.80			721,294.80	2½	19,318.30					19,318.0		
July 15, 1940	Dec. 1, 1948	Electro-Motive Corporation— Assigned to Manufacturers and Traders Trust Co., Buffalo, 2½%	1,296,130.24			1,296,130.24	2½	38,021.59					38,021.59		
June 9, 1941	Aug. 1, 1949	Electro-Motive Corporation— Assigned to Bank of New York, 2.1%	917,099.88			917,099.88	2.1	20,484.48					20,484.48		
Aug. 1, 1941	Mar. 1, 1947	Pullman-Standard Car Mfg. Co.— Assigned to Chase National Bank, New York, 1½%	2,172,616.00			2,172,616.00	1½	30,037.70					30,037.70		
Aug. 10, 1942	Nov. 1, 1947	Electro-Motive Corporation— Assigned to Central Hanover Bank & Trust Co., 2%	1,160,861.97			1,160,861.97	2	7,295.05					7,295.05		
		Total Equipment Obligations.	\$ 25,481,652.55			\$ 25,481,652.55		\$ 639,370.64					\$ 639,370.64		
		The Baltimore & Ohio R. R. Co.	\$ 2,330,885.05			\$ 2,330,885.05	*5.63	\$ 131,161.91				*5.63	\$ 131,161.91		
		Ground Rent Liens Capitalized..						\$ 71,710.71					\$ 71,710.71		
		Accounts Payable, etc.	\$ 2,330,885.05			\$ 2,330,885.05		\$ 202,872.62					\$ 202,872.62		
		Total Miscellaneous Obligations.	\$ 774,326,618.01			\$ 629,628,518.01		\$ 17,705,186.72					\$ 17,705,186.72		
		TOTAL OBLIGATIONS ISSUED OR ASSUMED.....	\$ 774,326,618.01	\$ 144,678,050.00	\$ 20,050.00	\$ 629,628,518.01		\$ 6,593,530.00			\$ 4,252,822.50		\$ 28,551,539.22		
UNASSUMED OBLIGATIONS OF OPERATED SUBSIDIARIES.															
May 1, 1907	May 1, 1957	Buffalo, Rochester & Pitts. R'y Co. Consolidated Mfge. 4½% Bonds.	\$ 34,297,000.00	\$ 5,183,000.00		\$ 29,114,000.00	3	\$ 873,420.00	1½	\$ 436,710.00			\$ 1,310,130.00		
Jan. 1, 1889	Jan. 1, 1949	Lincoln Park & Charlotte R. R. Co. First Mfge. 5% Bonds—Ext'd..	350,000.00			350,000.00	5	17,500.00					17,500.00		
Dec. 30, 1913	Dec. 30, 1963	Buffalo & Susquehanna R. R. Corp. First Mfge. 4% Bonds.....	2,429,300.00			2,429,300.00	4	97,319.28					97,319.28		
Nov. 1, 1915	Nov. 1, 1965	Cincinnati, Indianapolis & Western R. R. Co. First Mfge. 5% Bonds.....	4,675,000.00	1,000,000.00		3,675,000.00	3	110,250.00	2	73,500.00			183,750.00		
		Total Unassumed Obligations of Operated Subsidiaries...	\$ 41,751,300.00	\$ 6,183,000.00		\$ 35,568,300.00		\$ 1,098,489.28					\$ 1,608,699.28		
		GRAND TOTALS.....	\$ 816,077,918.01	\$ 150,861,050.00	\$ 20,050.00	\$ 665,196,818.01		\$ 18,803,676.00		\$ 7,103,740.00		\$ 4,252,822.50	\$ 30,160,238.50		

*Average rate per cent.

TABLE 5.

COMPARATIVE AND DETAILED STATEMENT OF OPERATING EXPENSES.

YEAR ENDED DECEMBER 31, 1942, IN COMPARISON WITH YEAR ENDED DECEMBER 31, 1941.

ACCOUNTS.	1942.	1941.	INCREASE.	DECREASE.
MAINTENANCE OF WAY AND STRUCTURES:				
Superintendence.....	\$ 1,468,939.93	\$ 1,340,410.87	\$ 128,529.06	
Roadway maintenance.....	2,834,616.93	1,767,899.35	1,066,717.58	
Tunnels and subways.....	170,524.15	124,884.71	45,639.44	
Bridges, trestles and culverts.....	1,514,490.17	888,673.24	625,816.93	
Ties.....	2,873,577.63	2,584,264.86	289,312.77	
Rails.....	606,061.60	646,860.09		\$ 40,798.49
Other track material.....	1,828,157.14	1,601,265.09	226,892.05	
Ballast.....	1,109,412.07	933,511.21	175,900.86	
Track laying and surfacing.....	8,766,005.67	6,030,135.87	2,735,869.80	
Fences, snowsheds and signs.....	97,949.65	111,919.32		13,969.67
Station and office buildings.....	1,100,788.80	843,826.34	256,962.46	
Roadway buildings.....	109,507.88	71,264.56	38,243.32	
Water stations.....	385,631.76	350,092.90	35,538.86	
Fuel stations.....	162,233.16	122,901.46	39,331.70	
Shops and enginehouses.....	971,984.34	704,078.59	267,905.75	
Grain elevators.....	28,792.89	25,449.28	3,343.61	
Storage warehouses.....	13,762.45	2,520.59	11,241.86	
Wharves and docks.....	218,107.77	145,188.22	72,919.55	
Coal and ore wharves.....	101,320.70	116,376.91		15,056.21
Telegraph and telephone lines.....	283,589.27	183,528.98	100,060.29	
Signals and interlockers.....	1,192,099.03	1,034,904.71	157,194.32	
Power plants.....	27,708.37	10,318.75	17,389.62	
Power transmission systems.....	136,167.75	103,146.39	33,021.36	
Miscellaneous structures.....	9,290.71	3,641.84	5,648.87	
Roadway machines.....	227,188.71	285,959.59		58,770.88
Road—Amortization of defense projects.....	131,581.74		131,581.74	
Small tools and supplies.....	377,796.60	284,930.90	92,865.70	
Removing snow, ice and sand.....	251,671.08	146,363.14	105,307.94	
Public improvements—Maintenance.....	263,417.53	263,287.83	129.70	
Injuries to persons.....	150,897.24	137,992.35	12,904.89	
Insurance.....	170,413.23	116,313.87	54,099.36	
Stationery and printing.....	30,082.90	25,361.57	4,721.33	
Other expenses.....	147,013.77	26,389.66	120,624.11	
Maintaining joint tracks, yards and other facilities—Dr.....	1,265,000.25	1,171,755.40	93,244.85	
Maintaining joint tracks, yards and other facilities—Cr.....	1,105,597.66	1,058,592.74		47,004.92
Right-of-way expenses.....	1,587.36	1,197.59	389.77	
Total.....	\$27,921,772.57	\$21,148,023.29	\$6,773,749.28	
MAINTENANCE OF EQUIPMENT:				
Superintendence.....	\$ 1,864,825.13	\$ 1,480,199.09	\$ 384,626.04	
Shop machinery.....	589,761.56	626,538.98		\$ 36,777.42
Power plant machinery.....	189,551.59	181,952.03	7,599.56	
Steam locomotives—Repairs.....	24,014,656.45	20,767,634.54	3,247,021.91	
Other locomotives—Repairs.....	1,011,887.09	647,637.49	364,249.60	
Freight train cars—Repairs.....	17,797,702.80	15,416,852.88	2,380,849.92	
Passenger train cars—Repairs.....	3,284,276.10	3,285,569.51		1,293.41
Floating equipment—Repairs.....	1,172,230.38	977,905.68	194,324.70	
Work equipment—Repairs.....	624,880.90	485,353.32	139,527.58	
Miscellaneous equipment—Repairs.....	21,574.00	32,399.47		10,825.47
Equipment—Retirements.....	2,866.69	1,725.91	1,140.78	
Equipment—Depreciation.....	7,600,651.65	7,641,312.15		40,660.50
Equipment—Amortization of defense projects.....	3,219,971.16		3,219,971.16	
Injuries to persons.....	213,556.72	174,236.28	39,320.44	
Insurance.....	261,634.49	198,847.60	62,786.89	
Stationery and printing.....	86,702.73	68,621.16	18,081.57	
Other expenses.....	339,728.49	33,648.60	306,079.89	
Maintaining joint equipment—Dr.....	565,238.86	447,183.57	118,055.29	
Maintaining joint equipment—Cr.....	271,229.33	276,422.86		5,193.53
Total.....	\$62,590,467.46	\$52,191,195.40	\$10,399,272.06	

Italics indicate credits.

TABLE 5—Continued.

COMPARATIVE AND DETAILED STATEMENT OF OPERATING EXPENSES.

YEAR ENDED DECEMBER 31, 1942, IN COMPARISON WITH YEAR ENDED DECEMBER 31, 1941.

ACCOUNTS.	1942.	1941.	INCREASE.	DECREASE.
TRAFFIC:				
Superintendence.....	\$ 2,562,524.07	\$ 2,338,917.97	\$ 223,606.10	
Outside agencies.....	2,051,913.76	1,927,107.44	124,806.32	
Advertising.....	313,217.52	331,553.62		\$ 18,336.10
Traffic associations.....	126,329.89	109,582.52	16,747.37	
Industrial and immigration bureaus.....	152,462.99	152,458.30	4.69	
Insurance.....	4,171.08	3,455.75	715.33	
Stationery and printing.....	270,064.44	265,260.74	4,803.70	
Other expenses.....	29,044.05	30,531.15		1,487.10
Total.....	\$ 5,509,727.80	\$ 5,158,867.49	\$ 350,860.31	
TRANSPORTATION—RAIL LINE:				
Superintendence.....	\$ 2,193,635.12	\$ 2,050,733.79	\$ 142,901.33	
Dispatching trains.....	2,532,984.77	2,105,412.32	427,572.45	
Station employees.....	9,341,871.11	7,323,578.06	2,018,293.05	
Weighing, inspection and demurrage bureaus.....	191,625.33	162,685.48	28,939.85	
Coal and ore wharves.....	219,400.12	199,421.12	19,979.00	
Station supplies and expenses.....	1,128,144.67	908,745.22	219,399.45	
Yard masters and yard clerks.....	2,946,481.36	2,279,201.19	667,280.17	
Yard conductors and brakemen.....	9,775,229.29	7,722,923.59	2,052,305.70	
Yard switch and signal tenders.....	549,152.92	437,637.28	111,515.64	
Yard enginemen.....	5,308,315.36	4,265,847.40	1,042,467.96	
Yard motormen.....	411,498.90	372,737.13	38,761.77	
Yard switching fuel.....	1,954,084.40	1,657,762.70	296,321.70	
Yard switching power purchased.....	2,406.74	2,145.63	261.11	
Water for yard locomotives.....	224,206.18	198,617.99	25,588.19	
Lubricants for yard locomotives.....	118,760.76	99,467.37	19,293.39	
Other supplies for yard locomotives.....	91,738.00	75,590.70	16,147.30	
Enginehouse expenses—Yard.....	1,272,099.10	967,489.18	304,609.92	
Yard supplies and expenses.....	183,220.95	136,132.30	47,088.65	
Operating joint yards and terminals—Dr.....	4,987,136.66	3,583,233.37	1,403,903.29	
Operating joint yards and terminals—Cr.....	<i>1,149,678.05</i>	<i>1,084,786.57</i>		\$ 64,891.48
Train enginemen.....	12,090,384.62	8,993,383.56	3,097,001.06	
Train motormen.....	553,900.99	427,399.55	126,501.44	
Train fuel.....	14,296,107.39	10,747,779.99	3,548,327.40	
Train power purchased.....	92,626.70	79,342.61	13,284.09	
Water for train locomotives.....	782,313.25	658,542.60	123,770.65	
Lubricants for train locomotives.....	698,797.99	547,385.65	151,412.34	
Other supplies for train locomotives.....	265,040.17	213,369.45	51,670.72	
Enginehouse expenses—Train.....	3,284,167.50	2,421,855.86	862,311.64	
Trainmen.....	11,849,416.51	8,786,666.21	3,062,750.30	
Train supplies and expenses.....	3,949,537.38	3,129,873.51	819,663.87	
Signal and interlocker operation.....	551,293.74	502,672.95	48,620.79	
Crossing protection.....	829,654.34	681,772.27	147,882.07	
Drawbridge operation.....	58,046.32	48,184.86	9,861.46	
Telegraph and telephone operation.....	284,185.57	219,992.90	64,192.67	
Operating floating equipment.....	1,120,875.33	1,021,025.22	99,850.11	
Stationery and printing.....	467,711.20	346,052.38	121,658.82	
Other expenses.....	838,118.91	87,532.54	750,586.37	
Operating joint tracks and facilities—Dr.....	644,958.88	645,557.57		598.69
Operating joint tracks and facilities—Cr.....	<i>768,014.38</i>	<i>616,604.82</i>		141,409.56
Insurance.....	112,946.72	63,010.02	49,936.70	
Clearing wrecks.....	369,939.89	219,937.59	150,002.30	
Damage to property.....	117,143.69	89,854.78	27,288.91	
Damage to live stock on right of way.....	17,131.54	15,942.10	1,189.44	
Loss and damage—Freight.....	1,523,877.75	1,045,774.89	478,102.86	
Loss and damage—Baggage.....	4,319.87	2,829.56	1,490.31	
Injuries to persons.....	1,718,363.87	938,262.17	780,101.70	
Total.....	\$98,045,159.43	\$74,781,971.22	\$23,263,188.21	
MISCELLANEOUS OPERATIONS:				
Dining and buffet service.....	\$ 2,651,565.77	\$ 1,788,542.15	\$ 863,023.62	
Hotels and restaurants.....	80,331.20	67,340.72	12,990.48	
Grain elevators.....	112,951.56	97,267.38	15,684.18	
Stockyards.....	19,080.96	16,104.92	2,976.04	
Producing power sold.....	6,545.00	4,920.94	1,624.06	
Total.....	\$ 2,870,474.49	\$ 1,974,176.11	\$ 896,298.38	

Italics indicate credits.

TABLE 5—Concluded.

COMPARATIVE AND DETAILED STATEMENT OF OPERATING EXPENSES.

YEAR ENDED DECEMBER 31, 1942, IN COMPARISON WITH YEAR ENDED DECEMBER 31, 1941.

ACCOUNTS.	1942.	1941.	INCREASE.	DECREASE.
GENERAL:				
Salaries and expenses of general officers.....	\$ 557,974.82	\$ 551,534.27	\$ 6,440.55	
Salaries and expenses of clerks and attendants.....	4,497,840.16	3,282,435.68	1,215,404.48	
General office supplies and expenses.....	205,184.56	137,351.62	67,832.94	
Law expenses.....	668,975.84	633,887.15	35,088.69	
Insurance.....	5,165.63	2,323.14	2,842.49	
Relief Department expenses.....	400,917.75	365,247.45	35,670.30	
Pensions.....	199,330.18	162,367.32	36,962.86	
Stationery and printing.....	160,024.65	84,662.86	75,361.79	
Valuation expenses.....	8,921.35	8,536.48	384.87	
Other expenses.....	491,807.63	339,137.96	152,669.67	
General joint facilities—Dr.....	117,819.93	127,687.50		\$ 9,867.57
General joint facilities—Cr.....	10,365.49	3,084.74		7,280.75
Total.....	\$ 7,303,597.01	\$ 5,692,086.69	\$ 1,611,510.32	
TRANSPORTATION FOR INVESTMENT—Cr.....		\$ 27,902.69	\$ 27,902.69	

SUMMARY.

Maintenance of Way and Structures.....	\$ 27,921,772.57	\$21,148,023.29	\$ 6,773,749.28	
Maintenance of Equipment.....	62,590,467.46	52,191,195.40	10,399,272.06	
Traffic.....	5,509,727.80	5,158,867.49	350,860.31	
Transportation—Rail Line.....	98,045,159.43	74,781,971.22	23,263,188.21	
Miscellaneous Operations.....	2,870,474.49	1,974,176.11	896,298.38	
General.....	7,303,597.01	5,692,086.69	1,611,510.32	
Transportation for Investment—Cr.....		27,902.69	27,902.69	
Grand Total.....	\$204,241,198.76	\$160,918,417.51	\$ 43,322,781.25	

Italics indicate credits.

TABLE 6.
REVENUES, EXPENSES AND NET REVENUES BY YEARS.

REVENUES.								
YEARS ENDED.	AVERAGE MILEAGE.	FREIGHT REVENUE.	PASSENGER REVENUE	MAIL REVENUE.	EXPRESS REVENUE.	OTHER TRANS- PORTATION REVENUE.	NON-TRANS- PORTATION REVENUE.	GROSS REVENUE.
Dec. 31, 1942	6,246.47	\$264,566,740.16	\$26,795,735.08	\$3,631,401.32	\$2,429,459.37	\$3,102,180.24	\$5,728,677.32	\$306,254,198.49
Dec. 31, 1941	6,283.78	201,782,937.42	13,861,068.39	3,415,316.53	1,573,219.28	2,933,727.21	3,936,752.73	227,503,021.56
Dec. 31, 1940	6,292.88	158,106,838.34	10,619,306.67	3,288,703.42	1,690,992.52	2,584,059.93	2,885,563.75	179,175,464.63
Dec. 31, 1939	6,306.58	140,455,927.75	10,856,060.20	3,151,329.06	1,711,921.26	2,270,366.33	2,584,647.23	161,030,251.83
Dec. 31, 1938	6,345.31	115,426,377.97	10,561,494.99	3,089,653.60	1,315,894.51	2,029,042.41	2,299,866.50	134,722,329.98
Dec. 31, 1937	6,371.35	147,212,330.00	11,918,601.52	3,225,199.54	1,750,329.28	2,443,098.63	2,886,877.10	169,436,436.07
Dec. 31, 1936	6,395.90	147,816,918.22	11,182,941.31	3,078,136.10	1,915,418.07	2,507,443.04	2,491,823.89	168,992,680.63
Dec. 31, 1935	6,351.51	122,787,626.80	9,887,724.25	3,008,277.45	1,723,568.75	2,233,493.79	2,232,952.21	141,873,643.25
Dec. 31, 1934	6,310.47	116,298,463.16	10,147,702.43	3,012,616.53	1,681,330.80	1,996,777.70	2,402,504.66	135,539,395.28
Dec. 31, 1933	6,312.48	113,380,295.71	9,798,465.70	3,038,397.09	1,462,159.54	1,818,614.92	2,294,320.02	131,792,252.98
AVERAGE	6,321.67	\$152,783,445.55	\$12,562,910.06	\$3,193,903.06	\$1,725,429.34	\$2,391,880.42	\$2,974,398.54	\$175,631,966.97

EXPENSES.										
YEARS ENDED.	MAINTENANCE OF WAY AND STRUCTURES.	MAINTENANCE OF EQUIPMENT.	TRAFFIC.	TRANSPOR- TATION.	MISCELLA- NEOUS OPERA- TIONS.	GENERAL.	TRANS- PORTATION FOR INVEST- MENT. (Credit.)	TOTAL OPERATING EXPENSES.	PERCENTAGE OF EXPENSES TO REVENUES.	NET REVENUE FROM RAILWAY OPERATIONS.
Dec. 31, 1942	\$27,921,772.57	\$62,590,467.46	\$5,509,727.80	\$98,045,159.43	\$2,870,474.49	\$7,303,597.01	.....	\$204,241,198.76	66.69	\$102,012,994.73
Dec. 31, 1941	21,148,023.29	52,191,195.40	5,158,867.49	74,781,971.22	1,974,176.11	5,692,086.69	Cr. 27,902.69	160,918,417.51	70.73	66,584,604.05
Dec. 31, 1940	17,769,082.95	40,223,127.81	4,969,121.37	62,090,776.82	1,574,393.43	5,986,683.99	Cr. 12,387.40	132,600,798.97	74.01	46,574,665.66
Dec. 31, 1939	15,172,307.58	35,857,609.46	4,748,993.99	57,007,080.12	1,491,128.44	5,636,870.99	Cr. 12,915.30	119,901,075.28	74.46	41,129,176.55
Dec. 31, 1938	12,231,720.92	28,817,488.66	4,444,050.00	52,957,966.59	1,440,233.72	5,114,367.20	Cr. 21,806.00	104,984,021.09	77.93	29,738,308.89
Dec. 31, 1937	16,947,205.90	38,069,094.09	4,950,084.01	61,195,717.55	1,769,678.55	5,936,657.13	Cr. 8,921.02	128,859,516.21	76.05	40,576,919.86
Dec. 31, 1936	15,423,319.71	38,029,073.56	4,702,812.57	57,227,836.81	1,515,647.36	6,717,039.22	Cr. 15,396.09	123,600,333.14	73.14	45,392,347.49
Dec. 31, 1935	12,083,155.11	30,498,119.22	4,447,726.01	50,300,665.91	1,325,027.85	6,820,937.76	Cr. 11,491.69	105,464,140.17	74.34	36,409,503.08
Dec. 31, 1934	11,784,790.49	28,037,999.88	4,219,617.64	47,445,839.66	1,215,377.37	6,682,797.59	Cr. 48,638.51	99,337,784.12	73.29	36,201,611.16
Dec. 31, 1933	10,939,855.18	24,011,164.68	4,026,270.84	43,771,782.22	1,152,282.75	6,545,184.31	Cr. 76,839.57	90,369,700.41	68.57	41,422,552.57
AVERAGE	\$16,142,123.37	\$37,832,534.02	\$4,717,727.17	\$60,482,479.63	\$1,632,842.01	\$6,243,622.19	Cr. \$23,629.82	\$127,027,698.57	72.33	\$48,604,268.40

TABLE 7.
INCOME, FIXED CHARGES, DIVIDENDS AND SURPLUS BY YEARS.

YEARS ENDED.	NET RAILWAY OPERATING INCOME.	OTHER CORPORATE INCOME. (NET)	INCOME AVAILABLE FOR FIXED CHARGES	FIXED CHARGES.	NET CORPORATE INCOME.	DIVIDENDS.			SURPLUS.
						PREFERRED STOCK.	COMMON STOCK.	AMOUNT.	
Dec. 31, 1942	\$69,558,717.98	\$6,984,698.19	\$76,543,416.17	†\$31,219,819.58	\$45,323,596.59	.....	.....	.....	\$45,323,596.59
Dec. 31, 1941	46,297,124.53	6,302,567.09	52,599,691.62	† 31,507,808.67	21,091,882.95	.....	.....	.....	21,091,882.95
Dec. 31, 1940	30,618,531.29	6,556,510.83	37,175,042.12	† 31,625,545.33	5,549,496.79	.....	.....	.....	5,549,496.79
Dec. 31, 1939	25,525,099.66	4,647,564.15	30,172,663.81	† 31,794,870.81	1,622,207.00	.....	.....	.....	1,622,207.00
Dec. 31, 1938	14,851,794.15	4,207,959.34	19,059,753.49	† 32,184,283.19	13,124,529.70	.....	.....	.....	13,124,529.70
Dec. 31, 1937	24,908,625.40	6,554,710.84	31,463,336.24	32,184,030.89	720,694.65	.....	.....	.....	720,694.65
Dec. 31, 1936	30,185,305.29	7,246,694.19	37,431,999.48	32,893,024.36	4,538,975.12	.....	.....	.....	4,538,975.12
Dec. 31, 1935	24,298,956.84	5,141,402.87	29,440,359.71	32,621,268.35	3,180,908.64	.....	.....	.....	3,180,908.64
Dec. 31, 1934	23,677,939.46	4,837,612.16	28,515,551.62	32,341,303.65	3,825,752.03	.....	.....	.....	3,825,752.03
Dec. 31, 1933	28,849,201.14	4,800,544.68	33,649,745.82	33,444,973.87	204,771.95	.....	.....	.....	204,771.95
AVERAGE....	\$31,877,129.57	\$5,728,026.44	\$37,605,156.01	\$32,181,692.87	\$ 5,423,463.14	.....	.....	.....	\$ 5,423,463.14

Italics indicate deficit.

† Includes unpaid interest accrued, the time of payment of which is made contingent under the Plan.

TABLE 8.
REVENUE PASSENGER TRAFFIC STATISTICS BY YEARS.

YEARS ENDED.	AVERAGE MILEAGE OPERATED. (*)	REVENUE PASSENGERS.	PASSENGERS PER MILE OF ROAD.	PASSENGERS ONE MILE.	PASSENGERS ONE MILE PER MILE OF ROAD.	AVERAGE DISTANCE CARRIED. (Miles.)	PASSENGER TRAIN EARNINGS PER MILE OF ROAD.		AVERAGE RATE PER PASSENGER PER MILE. (Cents.)	AVERAGE REVENUE PER PASSENGER.	TOTAL PASSENGER TRAIN MILES. (Excluding Express Trains.)	TOTAL PASSENGER TRAIN MILES PER MILE OF ROAD.	PASSENGER TRAIN EARNINGS ALL SOURCES PER TRAIN MILE.
							PASSENGERS ONLY.	ALL SOURCES.					
Dec. 31, 1942	5,140.50	7,613,019	1,481	1,272,898,072	247,621	167.20	\$5,212.67	\$6,478.76	2.1054	\$3.5197	12,073,402	2,349	\$2.5039
Dec. 31, 1941	5,251.15	6,450,524	1,228	748,210,150	142,485	115.99	2,639.63	3,656.00	1.853	2.1488	11,639,719	2,217	1.5001
Dec. 31, 1940	5,257.03	4,162,557	792	575,345,025	109,443	138.22	2,020.02	3,028.23	1.846	2.5511	11,492,507	2,186	1.2583
Dec. 31, 1939	5,259.72	3,828,051	728	540,507,840	102,764	141.20	2,064.00	3,043.15	2.008	2.8359	11,765,494	2,237	1.2420
Dec. 31, 1938	5,267.07	4,049,282	769	504,573,240	95,798	124.61	2,005.19	2,898.71	2.093	2.6082	12,130,402	2,303	1.1351
Dec. 31, 1937	5,272.97	4,887,913	927	611,624,626	115,992	125.13	2,260.32	3,270.20	1.949	2.4384	13,302,103	2,523	1.1731
Dec. 31, 1936	5,285.22	5,106,067	966	553,625,349	104,750	108.43	2,115.89	3,129.91	2.020	2.1901	12,634,164	2,390	1.1836
Dec. 31, 1935	5,350.44	3,442,031	643	459,738,412	85,925	133.57	1,848.02	2,787.51	2.151	2.8726	12,043,556	2,251	1.1143
Dec. 31, 1934	5,501.77	3,392,368	617	465,941,843	84,689	137.35	1,844.44	2,751.17	2.178	2.9913	12,332,081	2,241	1.1069
Dec. 31, 1933	5,504.68	3,102,656	564	435,231,032	79,066	140.28	1,780.02	2,649.16	2.251	3.1581	12,605,055	2,290	1.0873

* Excludes mileage used exclusively for freight traffic.

TABLE 9.
REVENUE FREIGHT TRAFFIC STATISTICS BY YEARS.

YEARS ENDED.	AVERAGE MILEAGE OPERATED (*)	REVENUE FREIGHT TONS.	REVENUE TONS PER MILE OF ROAD.	REVENUE TONS ONE MILE.	REVENUE TONS ONE MILE PER MILE OF ROAD.	AVERAGE DISTANCE CARRIED. (Miles.)	FREIGHT REVENUE PER MILE OF ROAD.	AVERAGE RATE PER TON PER MILE. (Mills.)	AVERAGE REVENUE PER TON.	REVENUE FREIGHT TRAIN MILES.	AVERAGE TRAIN LOAD. (Tons.)	FREIGHT REVENUE PER REVENUE FREIGHT TRAIN MILE.	REVENUE FREIGHT TRAIN MILES PER MILE OF ROAD.
Dec. 31, 1942	6,211.35	125,950,503	20,277	#30,017,200,645	4,832,637	238.33	\$42,594.08	8.81	\$2.1006	28,367,889	1,058.14	\$9.3263	4,567
Dec. 31, 1941	6,248.67	105,512,827	16,886	#22,562,541,131	3,610,774	213.84	32,292.14	8.94	1.9124	22,928,912	984.02	8.8004	3,669
Dec. 31, 1940	6,261.52	86,048,712	13,742	#17,568,124,402	2,805,728	204.16	25,250.55	9.00	1.8374	18,646,650	942.16	8.4791	2,978
Dec. 31, 1939	6,275.61	74,571,712	11,883	#15,399,384,599	2,453,847	206.50	22,381.24	9.12	1.8835	16,765,727	918.50	8.3776	2,672
Dec. 31, 1938	6,314.34	61,141,393	9,683	#12,678,993,840	2,007,968	207.37	18,280.04	9.10	1.8879	14,902,079	850.82	7.7457	2,360
Dec. 31, 1937	6,340.37	85,099,147	13,422	#16,845,282,785	2,656,830	197.95	23,218.26	8.74	1.7299	18,627,884	903.74	7.9028	2,938
Dec. 31, 1936	6,365.00	81,367,075	12,784	15,931,233,257	2,502,943	195.79	23,223.40	9.28	1.8167	18,125,786	878.93	8.1551	2,848
Dec. 31, 1935	6,320.77	65,945,938	10,433	12,959,494,817	2,050,303	196.52	19,426.05	9.47	1.8619	15,565,640	832.63	7.8884	2,463
Dec. 31, 1934	6,277.50	64,360,506	10,253	12,621,962,574	2,010,667	196.11	18,526.24	9.21	1.8070	15,546,772	811.87	7.4806	2,477
Dec. 31, 1933	6,280.88	61,079,224	9,725	12,110,623,868	1,928,173	198.28	18,051.66	9.36	1.8563	14,973,970	808.78	7.5718	2,384

* Excludes mileage used exclusively for passenger traffic.

Includes revenue ton miles made by passenger trains.

NOTE—Tonnage on basis of 2,000 lbs. to the ton. Company's freight excluded.

TABLE 10.

CONDENSED STATEMENT OF REVENUE COMMODITIES CARRIED.

YEAR ENDED DECEMBER 31, 1942, IN COMPARISON WITH YEAR ENDED DECEMBER 31, 1941.

	YEAR 1942.			YEAR 1941.			INCREASE OR Decrease.		
	NUMBER CARLOADS.	TONS—2,000 POUNDS.		NUMBER CARLOADS.	TONS—2,000 POUNDS.		NUMBER CAR- LOADS.	TONS—2,000 POUNDS.	
		NUMBER.	PER- CENT OF TOTAL.		NUMBER.	PER- CENT OF TOTAL.		NUMBER.	PER- CENT.
PRODUCTS OF AGRICULTURE:									
Cereal.....	68,453	2,535,397	2.01	67,124	2,256,755	2.14	1,329	278,642	12.35
Fruits and vegetables.....	71,162	1,245,320	0.99	68,435	1,098,897	1.04	2,727	146,423	13.32
All other.....	36,655	1,015,714	0.81	29,970	754,769	0.71	6,685	260,945	34.57
Total.....	176,270	4,796,431	3.81	165,529	4,110,421	3.89	10,741	686,010	16.69
ANIMALS AND PRODUCTS:									
Live stock.....	32,082	380,823	0.30	27,463	325,386	0.31	4,619	55,437	17.04
Meats.....	23,614	401,910	0.32	21,626	287,796	0.27	1,988	114,114	39.65
Hides and leather.....	6,286	147,881	0.12	6,037	136,272	0.13	249	11,609	8.52
All other.....	26,370	542,132	0.43	22,905	431,049	0.41	3,465	111,083	25.77
Total.....	88,352	1,472,746	1.17	78,031	1,180,503	1.12	10,321	292,243	24.76
PRODUCTS OF MINES:									
Anthracite coal.....	26,521	1,424,795	1.13	24,437	1,220,030	1.16	2,084	204,765	16.78
Bituminous coal.....	887,437	49,395,516	39.22	793,668	43,362,390	41.10	93,769	6,033,126	13.91
Coke.....	63,461	2,332,286	1.85	45,020	1,613,935	1.53	18,441	718,351	44.51
Ores.....	92,437	5,973,898	4.74	75,265	4,887,136	4.63	17,172	1,086,762	22.24
Stone, sand and gravel.....	41,054	2,410,257	1.91	47,240	2,753,841	2.61	6,186	343,584	12.48
Petroleum and asphalt.....	131,027	4,481,246	3.56	32,678	1,157,965	1.10	98,349	3,323,281	286.99
All other.....	163,645	9,128,402	7.25	147,482	7,977,895	7.56	16,163	1,150,507	14.42
Total.....	1,405,582	75,146,400	59.66	1,165,790	62,973,192	59.69	239,792	12,173,208	19.33
PRODUCTS OF FORESTS:									
Logs, lumber, pulp-wood, etc.....	102,429	2,987,430	2.37	104,453	2,839,684	2.69	2,024	147,746	5.20
Crude rubber and naval stores.....	3,336	86,191	0.07	2,777	68,502	0.06	559	17,689	25.82
All other.....	8,394	155,541	0.13	8,323	142,724	0.14	71	12,817	8.98
Total.....	114,159	3,229,162	2.57	115,553	3,050,910	2.89	1,394	178,252	5.84
MANUFACTURES AND MISCELLANEOUS:									
Petroleum and other oils.....	152,531	4,469,351	3.55	120,052	3,305,122	3.13	32,479	1,164,229	35.23
Sugar and molasses.....	17,121	667,419	0.53	11,220	359,785	0.34	5,901	307,634	85.50
Iron and steel.....	283,908	11,917,758	9.46	270,893	10,683,625	10.13	13,015	1,234,133	11.55
Cement, brick, etc.....	93,246	3,569,517	2.83	105,218	3,637,193	3.45	11,972	67,676	1.86
Automotive vehicles and parts.....	52,795	755,245	0.60	52,660	725,865	0.69	135	29,380	4.05
Beverages.....	13,640	367,663	0.29	8,977	212,957	0.20	4,663	154,706	72.64
Fertilizers.....	35,227	1,347,152	1.07	31,563	1,119,174	1.06	3,664	227,978	20.37
Paper.....	66,337	1,682,516	1.34	71,249	1,645,913	1.56	4,912	36,603	2.22
Glass.....	47,319	960,235	0.76	45,116	847,182	0.80	2,203	113,053	13.34
All other.....	489,389	11,809,435	9.38	413,613	9,109,614	8.63	75,776	2,699,821	29.64
Total.....	1,251,513	37,546,291	29.81	1,130,561	31,646,430	29.99	120,952	5,899,861	18.64
TOTAL CARLOAD REVENUE FREIGHT.....	3,089,495	124,491,357	98.84	2,685,367	104,113,332	98.67	404,128	20,378,025	19.57
LESS THAN CARLOAD REVENUE FREIGHT.....		1,459,146	1.16		1,399,495	1.33		59,651	4.26
GRAND TOTAL—ALL REVENUE FREIGHT*.....		125,950,503	100.00		105,512,827	100.00		20,437,676	19.37

Italics indicate decrease.

* Includes selected commodities excluded from groupings.

TABLE 11.

INCOME ACCOUNT.

SUBSIDIARY RAILROADS SEPARATELY OPERATED.

YEAR ENDED DECEMBER 31, 1942.

	THE BALTIMORE & OHIO CHICAGO TERMINAL RAIL- ROAD COMPANY.	THE STATEN ISLAND RAPID TRANSIT RAILWAY COMPANY.
AVERAGE MILES OPERATED.....	90.10	23.55
RAILWAY OPERATING REVENUES.....	\$6,040,824.76	\$2,684,833.00
RAILWAY OPERATING EXPENSES.....	5,213,368.97	1,800,381.02
Net revenues from railway operations.....	\$ 827,455.79	\$ 884,451.98
Railway tax accruals.....	\$ 745,446.68	\$ 350,078.83
RAILWAY OPERATING INCOME.....	82,009.11	\$ 534,373.15
OTHER OPERATING CHARGES:		
Equipment rents—Net debit.....	\$ 514,240.31	\$ 166,471.27
Joint facility rents—Net credit.....	1,220,152.40	49,708.72
Total other operating charges.....	\$ 705,912.09	\$ 116,762.55
NET RAILWAY OPERATING INCOME.....	\$ 787,921.20	\$ 417,610.60
OTHER CORPORATE INCOME:		
Income from lease of road and equipment.....	\$ 360,080.35	
Miscellaneous rent income.....	54,041.88	\$ 12,858.85
Miscellaneous non-operating physical property.....	38,029.21	
Dividend income.....	134.00	
Income from funded securities.....	315.99	20.00
Income from unfunded securities and accounts.....	5,629.57	133.78
Income from sinking and other reserve funds.....		3,526.25
Miscellaneous income.....	60.50	253.34
Total other corporate income.....	\$ 458,291.50	\$ 16,792.22
GROSS CORPORATE INCOME.....	\$1,246,212.70	\$ 434,402.82
MISCELLANEOUS DEDUCTIONS FROM INCOME:		
Miscellaneous rents.....	\$ 908.90	\$ 14,781.93
Miscellaneous tax accruals.....	14,685.12	5,918.11
Miscellaneous income charges.....	315.76	25.00
Total miscellaneous deductions.....	\$ 15,909.78	\$ 20,725.04
Income available for fixed charges.....	\$1,230,302.92	\$ 413,677.78
FIXED CHARGES:		
Rent for leased roads and equipment.....	\$ 150,818.96	\$ 191,528.04
Interest on funded and unfunded debt:		
Held by public.....	20,075.35	33,744.92
Held by Baltimore and Ohio R. R. Co.....	1,458,538.88	329,600.00
Total fixed charges.....	\$1,629,433.19	\$ 554,872.96
NET INCOME.....	*\$ 399,130.27	*\$ 141,195.18

Italics indicate credits and deficits.

* Net deficit charged to The Baltimore and Ohio Railroad Company's income as Separately Operated Properties—Loss.

TABLE 12.
OPERATED MILEAGE.
DECEMBER 31, 1942.

	FIRST TRACK.	SECOND TRACK.	THIRD TRACK.	FOURTH TRACK.	SIDINGS AND OTHER TRACKS.	GRAND TOTAL.
New York Terminal Lines.....	5.30				10.10	15.40
Philadelphia, Pa., to Cumberland, Md., via Wilmington, Del., Baltimore, Md., and Washington, D. C.:						
Main Line.....	279.15	278.66	71.66	21.88	293.20	944.55
<i>" "—Trackage.....</i>	<i>0.72</i>	<i>1.14</i>				<i>1.86</i>
Other Main Lines and Branches.....	335.04	97.70	0.82		334.09	767.65
<i>" " " "—Trackage.....</i>	<i>6.37</i>	<i>5.16</i>	<i>0.86</i>	<i>2.32</i>	<i>0.29</i>	<i>15.00</i>
	621.28	382.66	73.34	24.20	627.58	1,729.06
Cumberland, Md., to Chicago, Ill., via Pittsburgh and Callery, Pa., and Youngstown and Akron, Ohio:						
Main Line.....	611.54	597.52	26.91	13.32	530.64	1,779.93
<i>" "—Trackage.....</i>	<i>78.23</i>	<i>93.87</i>	<i>45.27</i>	<i>42.07</i>	<i>7.22</i>	<i>266.66</i>
Other Main Lines and Branches.....	328.87	13.87			307.89	650.63
<i>" " " "—Trackage.....</i>	<i>25.34</i>	<i>5.27</i>			<i>12.54</i>	<i>43.15</i>
	1,043.98	710.53	72.18	55.39	858.29	2,740.37
Cumberland, Md., to St. Louis, Mo., via Grafton, W. Va., Parkersburg, W. Va., Cincinnati, Ohio, and North Vernon and Vincennes, Ind.:						
Main Line.....	729.67	191.86	36.19	3.28	466.27	1,427.27
<i>" "—Trackage.....</i>	<i>7.44</i>	<i>6.64</i>			<i>2.44</i>	<i>16.52</i>
Other Main Lines and Branches.....	515.10	1.96			152.18	669.24
<i>" " " "—Trackage.....</i>	<i>31.51</i>	<i>23.74</i>			<i>7.73</i>	<i>62.98</i>
	1,283.72	224.20	36.19	3.28	628.62	2,176.01
Connellsville, Pa., to Richwood, W. Va., via Fairmont and Clarksburg, W. Va.:						
Main Line.....	195.11	9.58			78.67	283.36
<i>" "—Trackage.....</i>	<i>37.89</i>				<i>6.96</i>	<i>44.85</i>
Other Main Lines and Branches.....	81.96				15.50	97.46
<i>" " " "—Trackage.....</i>	<i>0.66</i>				<i>0.58</i>	<i>1.24</i>
	315.62	9.58			101.71	426.91
Elkins, W. Va., to Charleston, W. Va.:						
Main Line.....	162.87				30.63	193.50
<i>" "—Trackage.....</i>	<i>0.66</i>				<i>1.61</i>	<i>2.27</i>
Other Main Lines and Branches.....	16.83				3.32	20.15
	180.36				35.56	215.92
Pittsburgh, Pa., to Midland City, Ohio, via Wheeling, W. Va., Zanesville, Newark and Columbus, Ohio:						
Main Line.....	270.05	52.60	9.01	13.83	138.86	484.35
<i>" "—Trackage.....</i>	<i>2.63</i>	<i>2.57</i>	<i>0.45</i>	<i>0.43</i>	<i>0.43</i>	<i>6.51</i>
Other Main Lines and Branches.....	19.58				13.41	32.99
<i>" " " "—Trackage.....</i>	<i>2.34</i>				<i>0.68</i>	<i>3.02</i>
	294.60	55.17	9.46	14.26	153.38	526.87
Grafton, W. Va., to Cleveland and Lorain, Ohio, via Wheel- ing, W. Va., Warwick, Sterling and Lester, Ohio:						
Main Line.....	273.46	80.64	2.42	2.53	254.09	613.14
<i>" "—Trackage.....</i>		<i>10.22</i>			<i>0.88</i>	<i>11.10</i>
Other Main Lines and Branches.....	19.69	4.10			9.16	32.95
<i>" " " "—Trackage.....</i>	<i>0.12</i>					<i>0.12</i>
	293.27	94.96	2.42	2.53	264.13	657.31
Wheeling, W. Va., to Kenova, W. Va., via Parkersburg and Huntington, W. Va.:						
Main Line.....	215.77	2.21			55.34	273.32
Other Main Lines and Branches.....	45.25				2.73	47.98
	261.02	2.21			58.07	321.30

Italics indicate trackage rights.

TABLE 12—Concluded.

OPERATED MILEAGE.

DECEMBER 31, 1942.

	FIRST TRACK.	SECOND TRACK.	THIRD TRACK.	FOURTH TRACK.	SIDINGS AND OTHER TRACKS.	GRAND TOTAL.
Callery, Pa., to Buffalo and Rochester, N. Y., via Butler and Du Bois, Pa., and Ashford, N. Y.:						
Main Line.....	320.06	125.62	.....	.....	265.06	710.74
" " —Trackage.....	<i>22.59</i>	<i>22.61</i>	.....	.....	<i>14.20</i>	<i>59.40</i>
Other Main Lines and Branches.....	451.53	5.44	.....	.....	145.75	602.72
" " " " —Trackage.....	<i>25.60</i>	<i>3.85</i>	.....	.....	<i>27.24</i>	<i>56.69</i>
	819.78	157.52	.....	.....	452.25	1,429.55
Sandusky, Ohio, to Shawnee, Ohio, via Willard and Newark, Ohio:						
Main Line.....	161.03	1.97	.....	.....	61.23	224.23
" " —Trackage.....	<i>.06</i>	.....	.....	.....	.....	<i>.06</i>
	161.09	1.97	.....	.....	61.23	224.29
Cincinnati, Ohio, to Toledo, Ohio, via Hamilton, Dayton, Lima and Deshler, Ohio:						
Main Line.....	199.04	81.16	.....	.....	281.36	561.56
" " —Trackage.....	<i>2.92</i>	<i>4.20</i>	<i>1.32</i>	<i>1.33</i>	<i>3.88</i>	<i>13.65</i>
Other Main Lines and Branches.....	101.28	.....	.....	.....	29.91	131.19
" " " " —Trackage.....	<i>16.17</i>	<i>2.08</i>	.....	.....	<i>6.30</i>	<i>24.55</i>
	319.41	87.44	1.32	1.33	321.45	730.95
Hamilton, Ohio, to Springfield, Ill., via Indianapolis, Ind., and Decatur, Ill.:						
Main Line.....	281.43	0.77	.....	.....	84.55	366.75
" " —Trackage.....	<i>11.16</i>	<i>10.24</i>	.....	.....	<i>1.66</i>	<i>23.06</i>
Other Main Lines and Branches.....	28.25	.....	.....	.....	10.77	39.02
	320.84	11.01	.....	.....	96.98	428.83
Shawneetown, Ill., to Beardstown, Ill., via Flora and Springfield, Ill.:						
Main Line.....	228.19	1.26	.....	.....	28.41	257.86
Other Main Lines and Branches—Trackage.....	<i>2.44</i>	<i>1.56</i>	.....	.....	<i>1.63</i>	<i>5.63</i>
	230.63	2.82	.....	.....	30.04	263.49

SUMMARY

Miles of road owned and operated.....	5,579.92	1,489.93	138.11	41.01	3,286.36	10,535.33
Miles of road owned jointly.....	<i>44.52</i>	<i>34.08</i>	<i>8.90</i>	<i>13.83</i>	<i>55.73</i>	<i>157.06</i>
TOTAL MILES OWNED AND OPERATED.....	5,624.44	1,524.01	147.01	54.84	3,342.09	10,692.39
Miles of road under lease.....	251.61	22.91	.....	.....	261.03	535.55
Miles of road over which this Company has trackage rights.....	<i>274.85</i>	<i>193.15</i>	<i>47.90</i>	<i>46.15</i>	<i>96.27</i>	<i>658.32</i>
TOTAL OPERATED MILEAGE OF THE B. AND O. R. R. Co..	6,150.90	1,740.07	194.91	100.99	3,699.39	11,886.26

Italics indicate trackage rights.



